

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

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Conference ID: 768 840 235#

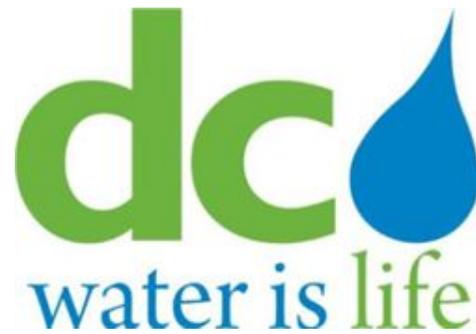
Tuesday, November 17, 2020

11:00 a.m.

1. **Call to Order**..... Major Riddick, Chairperson
2. **Roll Call**..... Linda Manley
3. **October 2020 Financial Report (Attachment 1)** Lola Oyeyemi
4. **Capital Improvement Program Quarterly Report (Attachment 2)**..... Paul Guttridge
5. **Rolling Owner Controlled Insurance Program (ROCIP) V Update (Attachment 3)**... Tanya DeLeon
6. **DC Water Financial Resilience (Attachment 4)**..... Ivan Boykin
7. **Water Infrastructure and Financing Innovation Act (WIFIA) Loan Transaction Update (Attachment 5)** Eric Brown, Public Financial Management (PFM)
8. **Action Items**.....Matthew T. Brown and Joel Grosser
 - A. Approval of documents authorizing the issuance of a Senior Lien loan and bond for the Water Infrastructure and Financing Innovation Act (WIFIA)
 1. **Authorizing Resolution for WIFIA Loan and related Senior Lien Bond (Attachment 6)**
 2. **28th Supplemental Indenture (Attachment 7)**
 3. **WIFIA Loan Agreement (Attachment 8)**
 - B. **Recommendation of Approval for Merchant Credit/Debit Card Processing Services (Attachment 9)**
9. **Agenda for December Committee Meeting (Attachment 10)** Major Riddick
10. **Executive Session***
11. **Adjournment**

FOLLOW-UP ITEMS – There were no follow-up items from the Finance and Budget Committee meeting held on October 22, 2020.

1 The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(2); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop members of a public body and staff under D.C. Official Codes § 2-575(b)(12); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2021

Monthly Financial Report

Period Ending October 31, 2020

DEPARTMENT OF FINANCE

Matthew T. Brown, CFO & Executive Vice President, Finance and Procurement

Ivan Boykin, Director, Finance

Syed Khalil, Director, Rates & Revenue

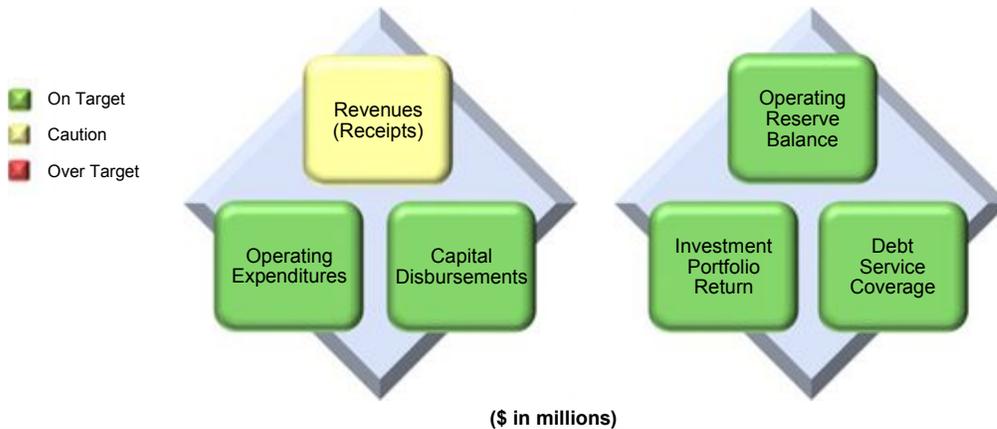
Genes Malasy, Controller

Lola Oyeyemi, Director, Budget

OCTOBER 2020

EXECUTIVE SUMMARY

The table below summarizes the first month of FY 2021 with approximately 8.3 percent of the fiscal year completed. At this early stage in the fiscal year, we are on track with budgetary expectations and targeted performance metrics.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance		Actual % Budget
				Favorable	(Unfavorable)	
Revenues (Receipts)	\$733.7	\$67.6	\$69.3	\$1.7	2.5%	9.4%
Expenditures	\$642.7	\$47.0	\$44.0	\$3.0	6.3%	6.8%
Capital Disbursements	\$507.6	\$42.3	\$39.4	\$2.9	6.9%	7.8%

Highlights:

- The FY 2019 Audit is currently underway
- Proposed FY 2022 budget recommendations anticipated for Board review in February 2021
- Finance staff preparing to issue new payment gateway Request for Proposal (RFP) to assist in reducing credit card fees
- A \$2.2 million Build America Bonds Subsidy (BABS) was not received from the IRS, and DC Water has paid the amount due on these bonds from the debt service budget

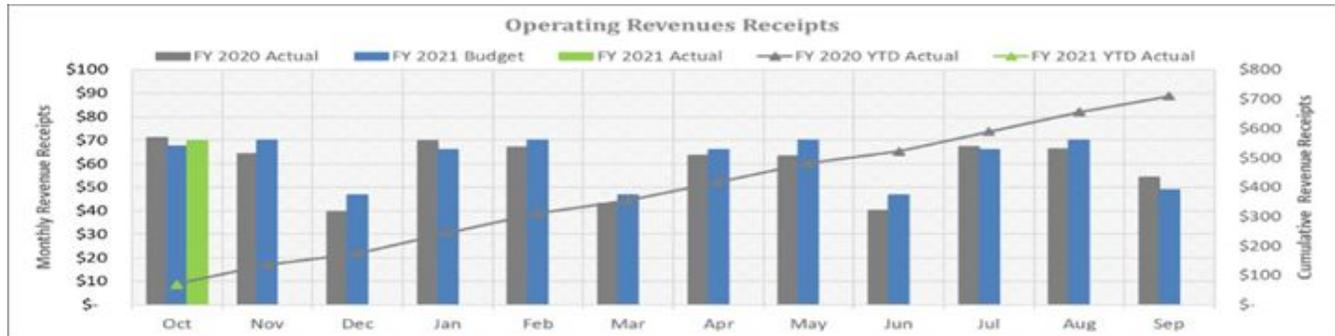
Matthew T. Brown, Executive Vice President & Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2020

Operating Revenues (\$000's)

FY 2020		CATEGORY	FY 2021					
Actual			Year-to-Date Performance					
Total Annual	YTD October		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$ Fav(Unfav)	Variance %
\$396,884	\$38,085	Residential / Commercial / Multi-Family	\$421,633	\$35,136	\$33,492	7.9%	(\$1,644)	(4.7%)
71,954	18,042	Federal	77,571	19,393	19,535	25.2%	142	0.7%
18,067	1,753	Municipal (DC Govt.)	18,377	1,531	2,162	11.8%	631	41.2%
10,998	882	DC Housing Authority	11,941	995	1,004	8.4%	9	0.9%
11,829	1,161	Metering Fee	15,405	1,418	1,193	7.7%	(225)	(15.9%)
41,456	4,649	Water System Replacement Fee (WSRF)	39,717	4,320	4,767	12.0%	447	10.4%
79,157	0	Wholesale	81,986	0	0	0.0%	0	0.0%
21,546	2,671	PILOT/ROW	22,463	2,335	2,516	11.2%	181	7.8%
58,206	3,956	All Other	44,645	2,468	4,588	10.3%	2,119	85.9%
\$710,097	\$71,201	TOTAL	\$733,738	\$67,597	\$69,257	9.4%	\$1,660	2.5%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At this early stage of FY 2020, cash receipts are within budget. At the end of October 2020, cash receipts totaled \$69.3 million, or 9.4 percent of the FY 2021 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their first quarterly payment in October), and wholesale customers (scheduled to make their first quarter payment in November).

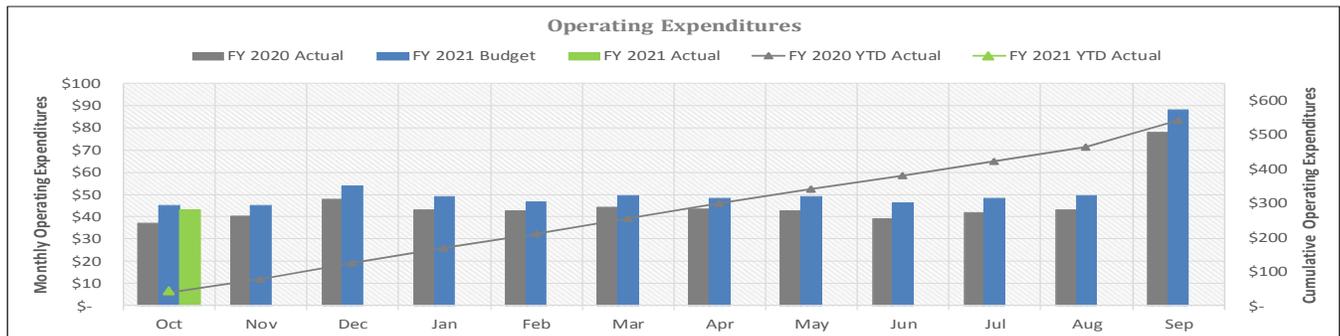
Areas of Overcollection	Areas of Undercollection
<p>Federal - Actual receipts through October 2020 total \$19.5 million or 25.2 percent of the budget. The Federal government made their first quarter payment in October 2020.</p> <p>District Government – Receipts are slightly higher at \$2.2 million or 11.8 percent of the budget. The October 2020 receipts are \$0.6 million higher than the budget primarily due to one account for elementary school, which was estimated lower and was billed in September based on actual read for 44,981 Ccf. It is suspected that this location may have a serious leak and DC Water staff is in contact with the District Government.</p> <p>DC Housing - Receipts are slightly higher at \$1.0 million or 8.4 percent of the budget. The October 2020 receipts are nine thousand dollars higher as compared to the budget.</p> <p>Other Revenue - Receipts are higher at \$4.6 million or 10.3 percent of the budget. The receipts are higher primarily due to \$3.1 million Fire Protection Services Fee payment received early for first quarter FY 2021 from the District Government, which was scheduled to be received in November 2020.</p> <p>Wholesale – The Wholesale customers are scheduled to make their first quarter payment in November 2020.</p> <p>PILOT/ROW – The receipts for PILOT/ROW are slightly higher at \$2.5 million or 11.2 percent of the budget.</p>	<p>Residential, Commercial and Multi-Family – Receipts for this category are slightly lower at \$33.5 million or 7.9 percent of the budget. The lower receipts are mainly due to decline in consumption in Commercial category on account of the impact of COVID-19. The October 2020 receipts were lower by \$1.6 million or 4.7 percent as compared to the budget.</p>

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2020

Operating Expenditures (\$000's)

FY 2020		CATEGORY	FY 2021					
Actual			Year-to-Date Performance					Variance %
Total Annual	YTD October		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$	
\$159,651	\$12,184	Personnel	\$177,863	\$ 13,842	\$12,692	7.1%	\$1,150	8.3%
70,360	\$5,162	Contractual Services	88,532	6,783	5,378	6.1%	1,406	20.7%
32,141	\$2,672	Water Purchases	36,250	2,904	2,521	7.0%	384	13.2%
29,565	\$2,312	Supplies & Chemicals	36,081	2,680	2,207	6.1%	473	17.7%
24,411	\$2,036	Utilities	27,911	2,296	1,826	6.5%	470	20.5%
779	12	Small Equipment	1,030	35	31	3.0%	4	12.4%
\$316,907	\$24,378	SUBTOTAL O&M	\$367,667	\$28,542	\$24,654	6.7%	\$3,887	13.6%
199,056	12,644	Debt Service	222,268	16,569	17,497	7.9%	(928)	(5.6%)
22,034	1,836	PILOT/ROW	22,374	1,864	1,865	8.3%	(0)	(0.0%)
28,556	0	Cash Financed Capital Improvements	30,355	0	0	0.0%	0	0.0%
\$566,553	\$38,858	TOTAL OPERATING	\$642,664	\$46,975	\$44,016	6.8%	\$2,960	6.3%
(24,062)	(1,934)	Capital Labor	(24,382)	(1,796)	(988)	4.1%	(809)	45.0%
\$542,490	\$36,924	TOTAL NET OPERATING	\$618,281	\$45,179	\$43,028	7.0%	\$2,151	4.8%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total operating expenditures for this period (including debt service and the Right-of-Way & PILOT fees) totaled \$44 million or 6.8 percent of the FY 2021 Board-approved budget of \$642.7 million.

These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months. The FY 2020 close-out process continues, which entails finalizing a number of GAAP-related accruals.

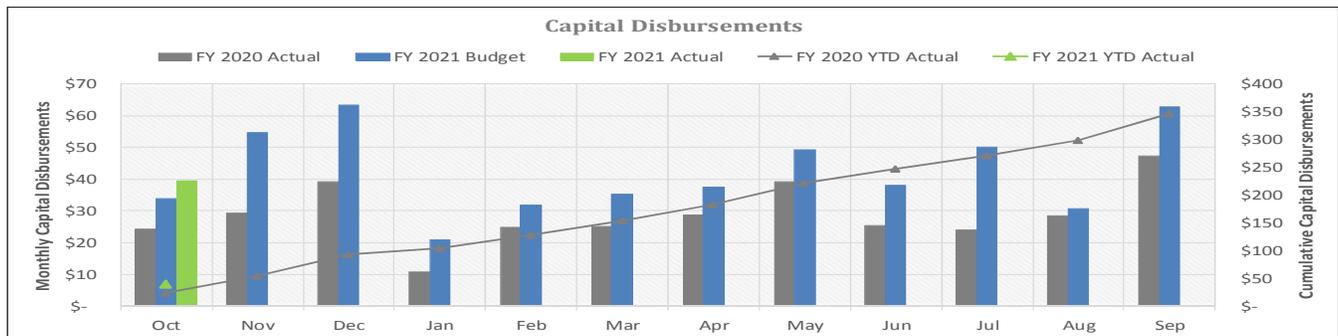
A total of 1083 positions were filled at the end of October with overall vacancy rate of 11 percent.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2020

Capital Disbursements (\$000's)

FY 2020		CATEGORY	FY 2021						
Actual			Year-to-Date Performance					Variance	
Total Annual	YTD October		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$	%	
\$10,016	\$8,529	Non Process Facilities	\$31,849	\$2,654	\$1,700	5.3%	\$954	35.9%	
48,987	53,127	Wastewater Treatment	102,976	8,581	11,871	11.5%	(3,290)	(38.3%)	
181,745	221,752	Combined Sewer Overflow	157,058	13,088	16,653	10.6%	(3,565)	(27.2%)	
2,587	2,210	Stormwater	9,631	803	15	0.2%	787	98.1%	
23,359	36,224	Sanitary Sewer	63,926	5,327	1,193	1.9%	4,134	77.6%	
41,721	45,310	Water	88,677	7,390	4,153	4.7%	3,236	43.8%	
\$308,415	\$367,152	SUBTOTAL CAPITAL PROJECTS	\$454,118	\$37,843	\$35,587	7.8%	\$2,256	6.0%	
24,371	21,367	Capital Equipment	37,207	3,101	3,796	10.2%	(696)	(22.4%)	
13,073	10,847	Washington Aqueduct	16,266	1,356	0	0.0%	1,356	100.0%	
\$37,444	\$32,215	SUBTOTAL ADD'L CAPITAL PROGRAMS	\$53,473	\$4,456	\$3,796	7.1%	\$660	14.8%	
\$345,858	\$399,366	TOTAL	\$507,591	\$42,299	\$39,383	7.8%	\$2,916	6.9%	



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of October 2020, capital disbursements are \$39.4 million or 7.8 percent of the FY 2021 approved budget, which is subject to revision as part of the FY 2022 budget process.

Project performance will be reviewed in detail as part of the quarterly CIP update by the Department of Engineering & Technical Services to the Environmental Quality & Operations and Finance & Budget Committees in November 2020.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2020

Cash Investments (\$ in millions)

Cash Balances

Rate Stabilization Fund Balance **\$90.24**
DC Insurance Reserve Balance **1.00**

Operating Reserve Accounts	
Renewal & Replacement Balance	35.00
O & M Reserve per Indenture	54.31
Undesignated Reserve Balance	36.19
O & M Reserve per Board Policy	125.50
Excess Above O & M Reserve	44.50
Management O & M Reserve Target	170.00
Project Billing Refunds	15.00
Excess Revenue	25.87
Operating Reserve Accounts	210.87

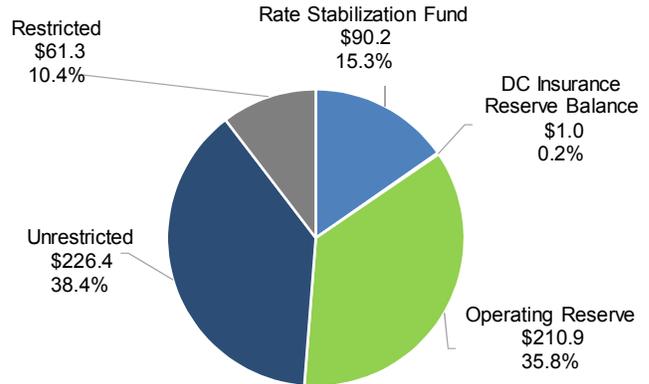
Operating Cash Balance Including RSF **302.12**

Additional Reserve Accounts	
Unrestricted	
Bond Fund - Construction 2019A	102.21
Bond Fund - Construction 2019B	22.76
Bond Fund - Construction 2019C	101.39
Unrestricted Total	226.36

Restricted	
Debt Service Reserve - Series 1998	20.53
DC Water - COVID Residential Relief Fund	3.00
DC Water - CAP Multi-Family Buildings	7.00
DC Water - CAP FY2022 Targeted Assistance	5.00
District Funds	25.64
DOEE - Lead Pipe Replacement (LPRAP)	0.02
DOEE - Lead Service Line Replacement (ERW)	0.10
Restricted Total	61.30

Total All Funds **\$589.77**

Breakdown of Cash Balances



Overall Portfolio Performance

- The operating reserve balance was \$210.9 million as compared to the operating reserve level of \$165.0 million for FY 2020
- Average cash balance for the month of October was \$210.9 million; year end target is \$180 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for October (on a cash basis) was \$343,431
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date As of October 31, 2020

Final FY 2020 Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 100% Cash Budget	YTD Actual Cash Oct. 1, 2019 - Sept 30, 2020	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$549,553	\$549,553	\$551,188	\$1,635	0%
Wholesale	82,539	\$82,539	79,157	(3,382)	0%
Other	66,317	\$66,317	79,639	13,322	20%
Total Cash Provided	698,409	698,409	709,984	11,575	2%
Operating Cash Used					
Personnel Services	147,932	147,932	134,542	13,390	9%
Contractual Services	81,886	81,886	80,767	1,119	1%
Chemicals & Supplies	33,158	33,158	33,835	(677)	-2%
Utilities	26,953	26,953	20,849	6,104	23%
Water Purchases	34,929	34,929	29,234	5,695	16%
Small Equipment	989	989	960	29	3%
Total Operating Cash Used	325,847	325,847	300,187	25,660	8%
Defeasance D.S./Cash Financed Capital Construction	28,556	28,556	28,556		0%
Other Cash Used					
Debt Service	207,340	207,340	199,056	8,284	4%
Payment In Lieu of Taxes/Right of Way	22,034	22,034	22,034		0%
Total Other Cash Used	229,374	229,374	221,090	8,284	4%
Total Cash Used	583,776	583,776	549,832	33,944	6%
Net Cash Provided (Used) by Operating Act.	114,633	114,633	160,152	45,519	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	200,747	200,747	100,805	(99,941)	-50%
Cash Financed Capital Improvements	28,556	28,556	28,556		0%
System Availability Fee			5,271	5,271	0%
EPA Grants/DC Reimbursements/Bloomingdale	38,990	38,990	18,097	(20,893)	-54%
CSO Grants			8,038	8,038	0%
Interest Income	3,658	3,658	3,498	(160)	-4%
Wholesale Capital Contributions	67,321	67,321	52,943	(14,378)	-21%
Total Cash Provided	339,271	339,271	217,207	(122,064)	-36%
Cash Used					
DC Water Capital Program	404,810	404,810	332,785	72,025	18%
Washington Aqueduct Projects	15,532	15,532	13,073	2,459	0%
Total Cash Used	420,342	420,342	345,858	74,484	18%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$81,071)	(\$81,071)	(\$128,651)	(\$47,580)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projects					
Plus (Less) Operating Surplus	186,764	186,764	\$186,764		
Wholesale Customer Refunds from Prior Years	114,633	114,633	160,152		
Interest Earned From Bond Reserve	(3,448)	(3,448)	14,925		
Transfer to Rate Stabilization Fund	570	570	113		
Transfer to CAP Fund			(28,794)		
Transfer from CAP Fund	(13,000)	(13,000)	(15,000)		
Transfer from SAF					
Prior Year Federal Billing Reconciliation	1,317	1,317	1,317		
Project Billing Refunds	(4,000)	(4,000)	(4,000)		
Cash Used for Capital	(81,071)	(81,071)	(128,651)		
Balance Attributable to O&M Reserve	\$201,765	\$201,765	\$186,827		
OTHER CASH RESERVES					
Rate Stabilization Fund	\$90,244	\$90,244			
DC Insurance Reserve	1,000	1,000			
Unrestricted Reserves	264,441	264,441			
Restricted Reserves	66,931	66,931			

Monthly Financial Report

Fiscal Year-to-Date As of October 31, 2020

FY 2021 Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD Cash Budget	YTD Actual Cash Oct. 1, 2020 - Oct. 31, 2020	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$584,644	\$62,793	\$62,153	(641)	-1%
Wholesale	81,986	296		(296)	0%
Other	66,699	4,803	7,105	2,301	48%
Total Cash Provided	733,328	67,892	69,258	1,365	2%
Operating Cash Used					
Personnel Services	153,482	12,046	15,096	(3,050)	-25%
Contractual Services	88,532	6,783	6,049	734	11%
Chemicals & Supplies	36,081	2,680	1,874	806	30%
Utilities	27,911	2,296	3,894	(1,598)	-70%
Water Purchases	36,250	2,904	2,624	280	10%
Small Equipment	1,030	35	7	28	80%
Total Operating Cash Used	343,286	26,744	29,544	(2,800)	-10%
Defeasance D.S./Cash Financed Capital Construction	30,355	2,530	0	2,530	100%
Other Cash Used					
Debt Service	222,268	222,268	17,497	204,771	92%
Payment In Lieu of Taxes/Right of Way	22,372	22,372		22,372	100%
Total Other Cash Used	244,640	244,640	17,497	227,143	93%
Total Cash Used	618,282	273,914	47,041	226,873	83%
Net Cash Provided (Used) by Operating Act.	115,047	9,587	22,217	12,630	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	236,229	19,686	38,093	18,407	94%
Cash Financed Capital Improvements	30,355	2,530		(2,530)	0%
System Availability Fee	7,700	642		(642)	-100%
EPA Grants	28,464	2,372	2,354	(18)	-1%
CSO Grants					0%
Interest Income	6,365	530	207	(323)	-61%
Wholesale Capital Contributions	95,205	7,934		(7,934)	-100%
Total Cash Provided	404,318	33,693	40,654	6,961	21%
Cash Used					
DC Water Capital Program	491,324	40,944	39,383	1,561	4%
Washington Aqueduct Projects	16,266	1,356		1,356	0%
Total Cash Used	507,590	42,299	39,383	2,916	7%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$103,272)	(\$8,606)	\$1,271	\$9,877	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projects	\$186,827		\$186,827		
Plus (Less) Operating Surplus	115,047	9,587	22,217		
Wholesale Customer Refunds from Prior Years	(5,417)	(451)			
Interest Earned From Bond Reserve	410	34	(1)		
Transfer to Rate Stabilization Fund					
Transfer to CAP Fund					
Transfer from CAP Fund					
Transfer from SAF					
Prior Year Federal Billing Reconciliation	2,233	186	558		
Project Billing Refunds	(4,000)	(333)			
Cash Used for Capital	(103,272)	(8,606)	1,271		
Balance Attributable to O&M Reserve	\$191,828		\$210,873		
OTHER CASH RESERVES					
Rate Stabilization Fund	\$90,244				
DC Insurance Reserve	1,000				
Unrestricted Reserves	264,441				
Restricted Reserves	66,931				

APPENDIX

Operating Revenues Detail 10
Retail Accounts Receivable..... 11
Investment Report..... 12

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2020

Operating Revenues Detail

(\$ in millions)

Revenue Category	Actual	FY 2021 Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)	Actual % of Budget
Residential, Commercial, and Multi-family		\$421.6	\$35.1	\$33.5	(\$1.6)	-4.7%
Federal		77.6	19.4	19.5	0.1	0.7%
District Government		18.4	1.5	2.2	0.6	41.2%
DC Housing Authority		11.9	1.0	1.0	0.0	0.9%
Customer Metering Fee		15.4	1.4	1.2	(0.2)	-15.9%
Water System Replacement Fee (WSRF)		39.7	4.3	4.8	0.4	10.4%
Wholesale		82.0	0.0	0.0	0.0	0.0%
Right-of-Way Fee/PILOT		22.5	2.3	2.5	0.2	7.8%
Subtotal (before Other Revenues)		\$689.1	\$65.1	\$64.7	(\$0.5)	-0.8%
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects		5.1	0.4	0.0	(0.4)	-100.0%
DC Fire Protection Fee		12.5	0.0	3.1	3.1	0.0%
Stormwater (MS4)		1.0	0.1	0.0	(0.1)	-100.0%
Interest		3.4	0.3	0.3	0.0	0.0%
Developer Fees (Water & Sewer)		6.0	0.5	0.5	0.0	0.0%
Transfer From Rates Stabilization		2.5	0.0	0.0	0.0	0.0%
System Availability Fee (SAF)		7.7	0.6	0.2	(0.4)	-66.7%
Others		6.4	0.5	0.5	0.0	0.0%
Subtotal		\$44.6	\$2.5	\$4.6	\$2.1	85.9%
Rate Stabilization Fund Transfer		\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Other Revenue Subtotal		\$44.6	\$2.5	\$4.6	\$2.1	85.9%
Grand Total		\$733.7	\$67.6	\$69.3	\$1.7	2.5%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
(\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	\$2,755	\$4,345	\$2,578	\$445	\$789	\$10,912
Commercial	4,725	5,350	3,504	341	1,547	15,467
Multi-family	3,549	5,459	1,227	159	713	11,107
Federal	6,549	7,444	5,542	201	1,516	21,252
District Govt	614	831	717	36	166	2,364
DC Housing Authority	363	538	103	11	36	1,051
Total:	\$18,555	\$23,967	\$13,671	\$1,193	\$4,767	\$62,153

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

Clean Rivers IAC - Actual vs Budget
(\$ in 000's)

Customer Category	FY2021 Budget	Year-To-Date Budget	Actual Received	Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$24,793	\$2,066	\$2,578	\$512	25%	10%
Commercial	28,102	2,342	3,504	1,162	50%	12%
Multi-family	11,370	948	1,227	279	29%	11%
Federal	21,541	5,385	5,542	156.79	3%	26%
District Govt	7,663	639	717	78	12%	9%
DC Housing Authority	1,135	95	103	8	9%	9%
Total:	\$94,604	\$11,474	\$13,671	\$2,197	19%	14%

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2020

Retail Accounts Receivable (Delinquent Accounts)

The following tables show retail accounts receivable over 90 days including a breakdown by customer class.

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
September 30, 2020	\$17.9	13,775
October 31, 2020	\$18.9	14,276

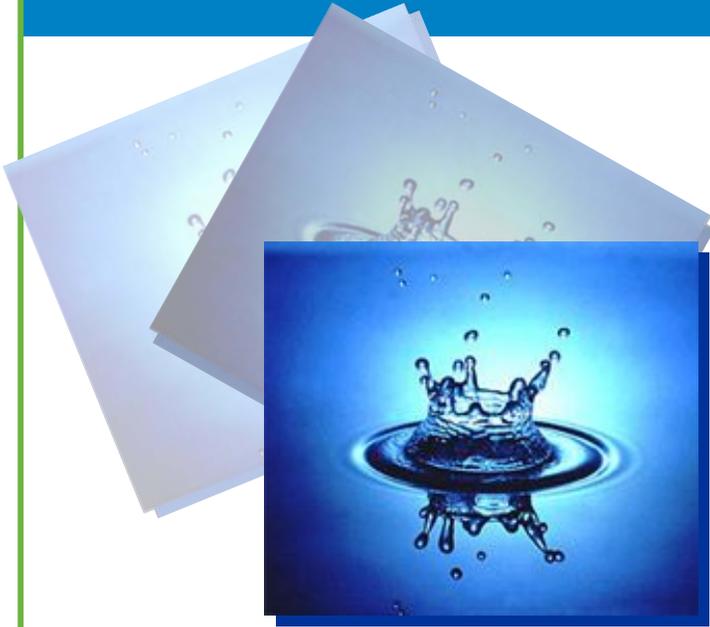
Notes: The increase in the accounts receivable over 90 days is due to the temporary suspension of collections procedures because of the new billing system VertexOne, which was implemented in December 2017. The increase in accounts receivable from March to October 2020 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

Greater Than 90 Days by Customer

	Number of Accounts			Month of Oct (All Categories)				Total Delinquent				
	W & S	Impervious Only	Total No. of	Active		Inactive		Sep		Oct		
				No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	%
a/c	a/c	a/c	a/c	(\$)	a/c	(\$)	a/c	(\$)	a/c	(\$)	%	
Commercial	8,982	2,309	11,291	1,353	\$5,255,771	39	\$111,346	1,391	\$5,087,333	1,392	\$5,367,117	28%
Multi-family	8,412	352	8,764	1,118	\$6,180,978	13	\$166,905	1,139	\$6,178,045	1,131	\$6,347,884	34%
Single-Family Residential	106,663	2,308	108,971	11,641	\$7,097,575	112	\$86,827	11,245	\$6,639,584	11,753	\$7,184,402	38%
Total	124,057	4,969	129,026	14,112	\$18,534,324	164	\$365,078	13,775	\$17,904,962	14,276	\$18,899,402	100%

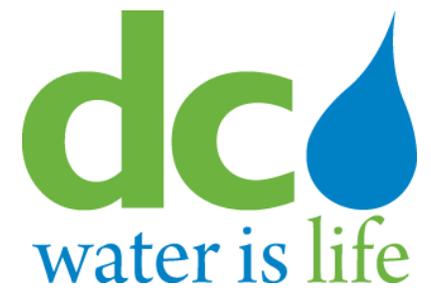
Notes: Included in the above \$18.9 million (or 14,276 accounts) of the DC Water over 90 days delinquent accounts, \$4,150,062.94 (or 1,402 accounts) represents Impervious only accounts over 90 days delinquent.

- Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.



DC Water

Investment Performance Report – October 2020





**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- The Federal Reserve's survey of business conditions in the Beige Book found that the pace of the economy varied greatly among sectors and grew at a "slight to modest" pace overall in September and in early October. Consumer spending was seen to have mixed signals as it remained positive overall. However, some districts saw a leveling off in retail sales that could be potentially linked to the expiration of federal support programs.
- According to the Bureau of Economic Analyst, gross domestic product ("GDP") increased at an annualized 33.1% in the first estimate of the third quarter of 2020—a new record growth and a strong rebound from the second quarter's 31.4% contraction. The third quarter expansion was due to an increase in personal consumption, business and residential investments, and exports. A detractor of GDP was from government spending following the expiration of the CARES Act rescue funding.
- The labor market has continued its rebound, though at a diminishing rate, with October's unemployment rate falling to 6.9% from September's 7.9%. Change in nonfarm payrolls continued to remain strong with 638,000 jobs added in October, somewhat less impressive than September's 661,000.
- The Federal Open Mark Committee ("FOMC") policymakers do not anticipate inflation will pose a threat to the economy and have signaled that they plan to hold rates near zero through 2023. Inflation remains subdued and shows no sign of accelerating. The Core PCE price index, which excludes food and energy prices, rose 1.5% in September, signaling low inflation.
- Consumer income and outlays rose more than anticipated. Consumer income increased more than expected in September, which helped boost spending in the same period. In the manufacturing sector, expansion in October occurred at its fastest pace in two years, and new orders have hit their highest levels since 2004.
- As the country continues to struggle to contain the virus, consumer confidence was somewhat mixed due to the COVID-19 related health concerns and uncertainty surrounding the economic forecasts.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Mortgage-Backed Securities, Commercial Paper, Supranational Bonds, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, Bank Notes and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 0.37%.

Operating Reserve

- The investment advisor (PFM) purchased \$1.5 million in Federal Agency securities.
- Approximately \$1.2 million in corporate notes was also purchased.
- PFM was able to find attractive prices for several municipal securities throughout October, with a combined \$1.6 million being purchased.
- The Authority also purchased a new \$5.2 million CDAR security as a different CDAR matured.

Total Debt Service Reserve

- Value was found in \$7.6 million of Treasury notes that mature in just under one year.

2019A Construction Fund

- A combined total of \$89.8 million in Treasury notes and bills was purchased, with maturities ranging from January to June of 2021.

2019B Construction Fund

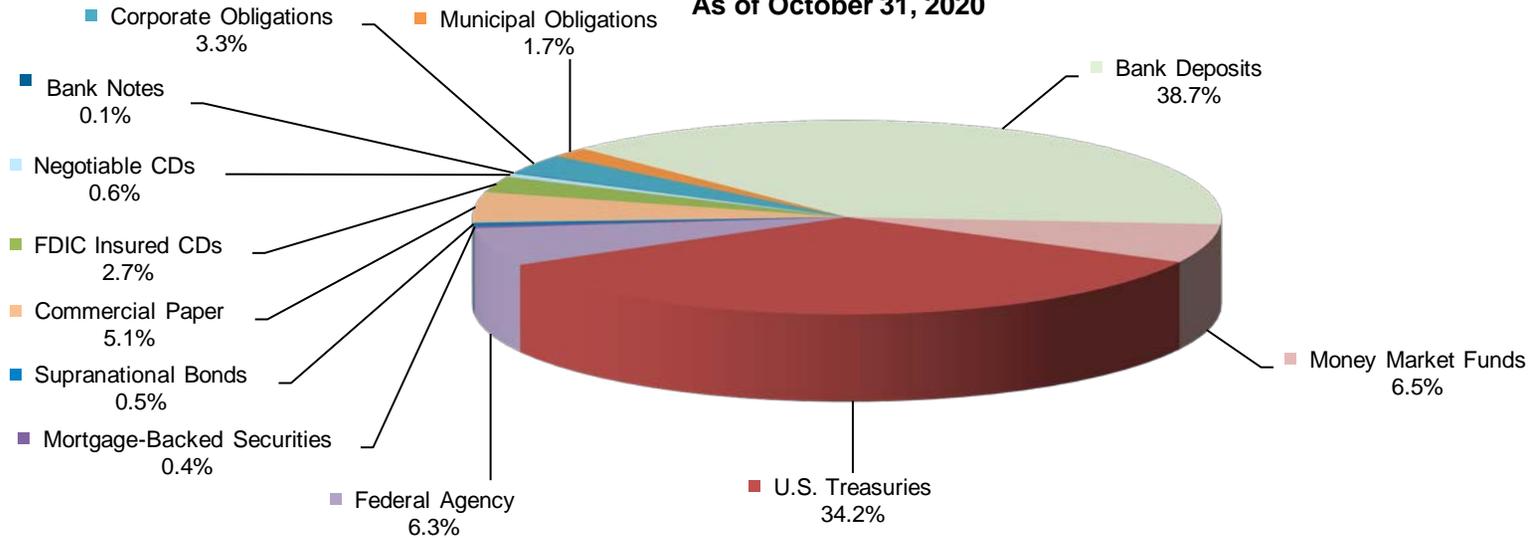
- PFM purchased \$20.2 million in Treasury bills maturing in December of 2020.

2019C Construction Fund

- PFM purchased a total of \$50.6 million in Treasury notes maturing in July and August of 2021.
- The investment advisor also found value in a combined \$20.0 million of commercial paper from a variety of issuers in the 8-to-10-month range.



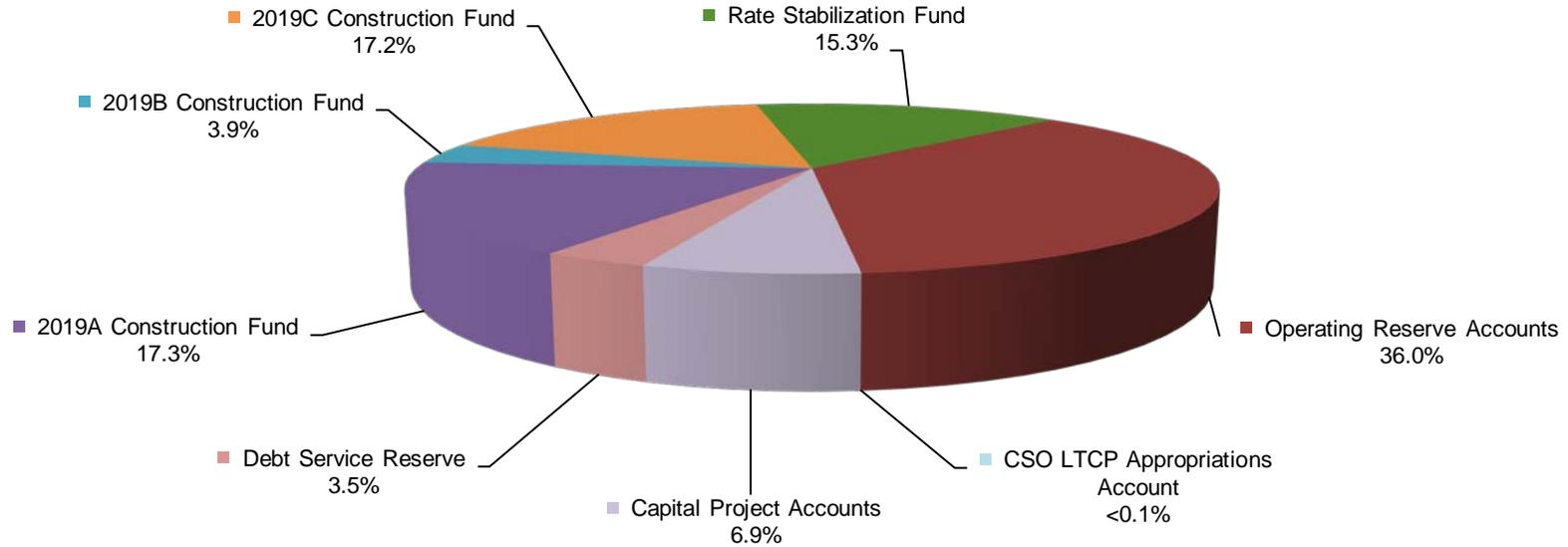
**DC Water
Finance Division
Investments - By Security Type
As of October 31, 2020**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	228,420,766	38.7%	100.0%
Money Market Funds	38,320,055	6.5%	100.0%
U.S. Treasuries	201,910,842	34.2%	100.0%
Federal Agency	37,429,553	6.3%	80.0%
Mortgage-Backed Securities	2,156,153	0.4%	30.0%
Supranational Bonds	3,224,554	0.5%	30.0%
Commercial Paper	29,956,645	5.1%	35.0%
FDIC Insured CDs	15,888,001	2.7%	30.0%
Negotiable CDs	3,619,084	0.6%	30.0%
Bank Notes	460,348	0.1%	40.0%
Corporate Obligations	19,551,513	3.3%	30.0%
Municipal Obligations	9,784,465	1.7%	20.0%
Total	\$ 590,721,978	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of October 31, 2020**

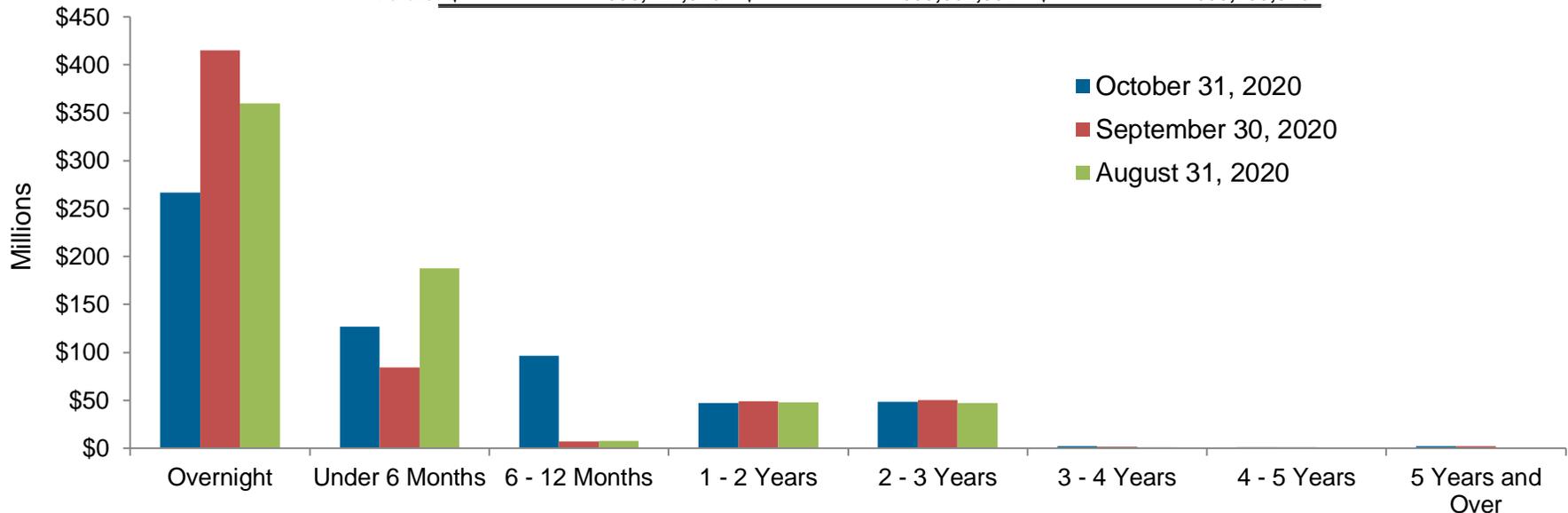


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 90,364,827	0.00%	0.00	1.0
Operating Reserve Accounts	\$ 212,429,147	0.87%	0.88	354.7
CSO LTCP Appropriations Account	\$ 803	0.00%	0.00	1.0
Capital Project Accounts	\$ 40,764,956	0.00%	0.00	1.0
Debt Service Reserve	\$ 20,574,234	0.28%	1.80	662.8
2019A Construction Fund	\$ 102,311,249	0.01%	0.36	133.5
2019B Construction Fund	\$ 22,761,127	0.01%	0.14	54.2
2019C Construction Fund	\$ 101,515,635	0.01%	0.56	206.6
Total	\$ 590,721,978	0.37%	0.54	211.6



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	October 31, 2020	September 30, 2020	August 31, 2020
Overnight \$	266,740,821.27	\$415,200,066.86	\$359,967,497.23
Under 6 Months	126,571,813.46	84,233,860.80	187,921,296.90
6 - 12 Months	96,658,727.13	6,848,221.27	7,612,463.97
1 - 2 Years	47,399,528.46	48,745,607.17	48,041,659.72
2 - 3 Years	48,273,957.71	50,265,789.51	47,157,930.45
3 - 4 Years	2,171,260.83	1,335,219.34	834,483.85
4 - 5 Years	749,716.56	245,128.42	-
5 Years and Over	2,156,152.54	2,209,060.88	2,260,646.18
Totals \$	\$ 590,721,978	\$ 609,082,954	\$ 653,795,978





**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		228,420,766.25	38.7%	100.0%	Yes
Sub-Total Bank Deposits		228,420,766.25	38.7%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAAm	1,976,251.98	0.3%	50.0%	Yes
Wells Fargo Government MMF	AAAm	42,594.67	0.0%	50.0%	Yes
Wells Fargo 100% Treasury MMF	AAAm	36,301,208.37	6.1%	50.0%	Yes
Sub-Total Money Market Mutual Funds		38,320,055.02	6.5%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	201,910,841.78	34.2%	100.0%	Yes
Sub-Total Treasuries		201,910,841.78	34.2%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	15,152,263.66	2.6%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	6,006,731.99	1.0%	40.0%	Yes
Freddie Mac	AA+ / Aaa	16,270,557.73	2.8%	40.0%	Yes
Sub-Total Federal Agencies		37,429,553.38	6.3%	80.0%	Yes
Mortgage-Backed Securities					
Fannie Mae	AA+ / Aaa	906,590.07	0.2%	5.0%	Yes
Freddie Mac	AA+ / Aaa	1,249,562.47	0.2%	5.0%	Yes
Sub-Total Mortgage-Backed Securities		2,156,152.54	0.4%	30.0%	Yes
Supranational Bonds					
African Development Bank	AAA / Aaa	799,569.96	0.1%	5.0%	Yes
Asian Development Bank	AAA / Aaa	1,919,025.49	0.3%	5.0%	Yes
Inter-American Development Bank	AAA / Aaa	505,958.63	0.1%	5.0%	Yes
Sub-Total Supranational Bonds		3,224,554.08	0.5%	30.0%	Yes
Commercial Paper					
ABN Amro Bank	A-1 / P-1	2,995,502.50	0.5%	5.0%	Yes
BNP Paribas	A-1 / P-1	2,995,233.33	0.5%	5.0%	Yes
Citigroup	A-1 / P-1	2,995,250.00	0.5%	5.0%	Yes
Credit Suisse	A-1 / P-1	2,999,837.50	0.5%	5.0%	Yes
Mizuho Bank	A-1 / P-1	2,998,461.67	0.5%	5.0%	Yes

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**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Commercial Paper					
MUFG Bank	A-1 / P-1	2,994,800.00	0.5%	5.0%	Yes
National Bank of Canada	A-1 / P-1	2,994,562.50	0.5%	5.0%	Yes
Natixis	A-1 / P-1	2,995,233.33	0.5%	5.0%	Yes
Royal Bank of Canada NY	A-1+ / P-1	4,992,055.56	0.8%	5.0%	Yes
Toyota Motor Corporation	A-1+ / P-1	995,708.33	0.2%	5.0%	Yes
Sub-Total Commercial Paper		29,956,644.72	5.1%	35.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR	15,888,000.65	2.7%	5.0%	Yes
Sub-Total FDIC-Insured Certificates of Deposit		15,888,000.65	2.7%	30.0%	Yes
Negotiable Certificates of Deposit					
Nordea Bank AB NY	AA- / Aa3	1,454,992.43	0.2%	5.0%	Yes
Royal Bank of Canada NY	A-1+ / P-1	709,072.00	0.1%	5.0%	Yes
Skandinaviska Enskilda Bank	A+ / Aa2	1,455,019.42	0.2%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		3,619,083.85	0.6%	30.0%	Yes
Corporate Obligations					
Amazon	AA- / A2	535,234.07	0.1%	5.0%	Yes
Apple	AA+ / Aa1	1,448,438.53	0.2%	5.0%	Yes
Bank of Montreal	A- / A2	1,450,002.93	0.2%	5.0%	Yes
Bank of New York Mellon	A / A1	798,368.86	0.1%	5.0%	Yes
Bank of Nova Scotia Houston	A- / A2	1,396,456.51	0.2%	5.0%	Yes
Berkshire Hathaway Inc.	AA / Aa2	1,009,641.81	0.2%	5.0%	Yes
Blackrock	AA- / Aa3	937,523.35	0.2%	5.0%	Yes
Chevron	AA / Aa2	976,048.30	0.2%	5.0%	Yes
Costco Wholesale	A+ / Aa3	203,125.84	0.0%	5.0%	Yes
Exxon Mobil Corporation	AA / Aa1	346,367.06	0.1%	5.0%	Yes
JP Morgan	A- / A2	976,645.79	0.2%	5.0%	Yes
Merck & Co.	AA- / A1	897,829.71	0.2%	5.0%	Yes
Northern Trust Company	A+ / A2	995,810.42	0.2%	5.0%	Yes
Pfizer Inc.	AA- / A1	271,042.68	0.0%	5.0%	Yes
Procter & Gamble Co	AA- / Aa3	954,597.93	0.2%	5.0%	Yes
Royal Bank of Canada NY	A / NR	689,622.46	0.1%	5.0%	Yes
Toronto Dominion Bank NY	A / Aa3	1,481,633.08	0.3%	5.0%	Yes
Total Capital	A+ / Aa3	481,838.89	0.1%	5.0%	Yes

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**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Corporate Obligations					
US Bank Cincinnati	AA- / A1	1,481,275.27	0.3%	5.0%	Yes
Visa	AA- / Aa3	920,816.17	0.2%	5.0%	Yes
Wal-Mart Stores Inc.	AA / Aa2	366,964.27	0.1%	5.0%	Yes
Westpac Banking	AA- / Aa3	932,229.04	0.2%	5.0%	Yes
Sub-Total Corporate Obligations		19,551,512.97	3.3%	30.0%	Yes
Bank Notes					
Citibank	A+ / Aa3	460,347.64	0.1%	5.0%	Yes
Sub-Total Bank Notes		460,347.64	0.1%	30.0%	Yes
Municipal Obligations					
Avondale School District, Michigan	NR / Aa1	940,328.58	0.2%	5.0%	Yes
Florida State Board of Administration	AA / Aa3	245,385.26	0.0%	5.0%	Yes
Honolulu, Hawaii	NR / Aa1	391,695.53	0.1%	5.0%	Yes
Louisiana State	AA- / Aa3	480,147.33	0.1%	5.0%	Yes
Maryland State	AAA / Aaa	500,489.72	0.1%	5.0%	Yes
Mississippi State	AA / Aa2	375,373.65	0.1%	5.0%	Yes
New York City, New York	AA / Aa2	1,191,354.21	0.2%	5.0%	Yes
New York State	NR / Aa2	1,978,913.86	0.3%	5.0%	Yes
New York & New Jersey Port Authority	A+ / Aa3	573,436.45	0.1%	5.0%	Yes
NYC Transitional Finance Authority	AAA / Aa1	936,655.00	0.2%	5.0%	Yes
Oaklahoma State Turnpike Authority	AA- / Aa3	355,015.86	0.1%	5.0%	Yes
Prince George County	AAA / Aaa	500,385.25	0.1%	5.0%	Yes
San Jose, California	AA+ / Aa1	438,350.97	0.1%	5.0%	Yes
University of California	AA / Aaa	344,748.80	0.1%	5.0%	Yes
Washington State	AA+ / Aaa	532,184.61	0.1%	5.0%	Yes
Sub-Total Municipal Obligations		9,784,465.08	1.7%	20.0%	Yes
Grand Total		\$ 590,721,977.96	100.0%		

CDARS holdings are not managed by PFMAM, and we therefore cannot guarantee the accuracy of holdings information provided.



**DC Water
Finance Division
Book Value Performance
As of October 31, 2020**

The portfolio is in compliance with the Authority's Investment Policy

	Trailing 1 Month		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Rate Stabilization Fund	0.02%	0.25%	0.09%	0.37%	0.18%	0.36%	0.87%	1.51%
Operating Reserve Accounts	0.20%	2.43%	0.64%	2.55%	1.37%	2.73%	2.71%	2.62%
Debt Service Reserve	0.16%	1.94%	0.33%	1.30%	1.50%	3.00%	2.69%	2.62%
2019A Construction Fund	0.00%	0.04%	0.01%	0.06%	0.18%	0.36%	n/a	n/a
2019B Construction Fund	0.00%	0.03%	0.22%	0.86%	0.58%	1.15%	n/a	n/a
2019C Construction Fund	0.16%	1.88%	0.35%	1.42%	0.74%	1.46%	n/a	n/a
Short Term Consolidated Composite	0.01%	0.15%	0.08%	0.33%	0.25%	0.49%	0.89%	1.46%
ICE BoAML 3-Month Treasury Index (Book Value) ¹	0.01%	0.10%	0.03%	0.10%	0.06%	0.12%	0.56%	1.43%
Core (1+Years) Consolidated Composite	0.12%	1.42%	0.39%	1.55%	0.88%	1.75%	2.03%	2.34%
ICE BoAML 1-3 Year Treasury Index (Book Value) ²	0.01%	0.16%	0.04%	0.15%	0.08%	0.15%	0.58%	1.41%

- (1) The ICE Bank of America Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The ICE Bank of America Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Rate Stabilization Fund										
TD BANK BANK DEPOSIT		\$ 90,364,827		11/1/2020		0.00%	\$ 90,364,827	\$ 90,364,827	\$ 90,364,827	\$ 90,364,827.37
Operating Reserve Accounts										
TD BANK BANK DEPOSIT		\$ 96,290,180		11/1/2020		0.00%	\$ 96,290,180	\$ 96,290,180	\$ 96,290,180	
DC RESERVES TD BANK DEPOSIT		1,000,000		11/1/2020		0.00%	1,000,000	1,000,000	1,000,000	
WELLS FARGO GOVERNMENT MMF		42,595		11/1/2020		0.01%	42,595	42,595	42,595	
INDUSTRIAL BANK CDARS		5,187,939	1.700	11/5/2020	11/7/2019	1.70%	5,187,939	5,275,656	5,275,656	
INDUSTRIAL BANK CDARS		2,652,037	2.000	1/14/2021	1/16/2020	2.00%	2,652,037	2,694,515	2,694,515	
INDUSTRIAL BANK CDARS		2,694,154	2.000	1/14/2021	1/16/2020	2.00%	2,694,154	2,737,306	2,737,306	
TOYOTA MOTOR CREDIT CORP COMM PAPER	89233GPC4	1,000,000	-	2/12/2021	5/19/2020	1.52%	988,792	999,471	995,708	
NY ST DORM AUTH PITS TXBL REV BONDS	64990FJN5	390,000	3.100	3/15/2021	12/21/2018	3.10%	390,000	395,141	391,545	
INDUSTRIAL BANK CDARS		5,180,183	0.100	4/8/2021	10/8/2020	0.10%	5,180,183	5,180,524	5,180,524	
UNIV OF CAL TXBL REV BONDS	91412HBH5	340,000	3.029	5/15/2021	6/5/2018	3.03%	340,000	349,733	344,749	
ROYAL BANK OF CANADA NY CD	78012UEE1	700,000	3.240	6/7/2021	6/8/2018	3.24%	700,000	722,100	709,072	
US TREASURY NOTES	9128284W7	425,000	2.750	8/15/2021	10/11/2018	2.97%	422,443	436,176	426,771	
US TREASURY NOTES	9128284W7	450,000	2.750	8/15/2021	10/4/2018	2.89%	448,295	461,834	452,155	
US TREASURY NOTES	9128284W7	1,100,000	2.750	8/15/2021	9/28/2018	2.90%	1,095,316	1,128,927	1,105,134	
US TREASURY NOTES	9128284W7	50,000	2.750	8/15/2021	9/7/2018	2.72%	50,041	51,315	50,302	
NYC, NY TXBL GO BONDS	64966QED8	385,000	1.680	10/1/2021	10/22/2019	1.68%	385,000	389,220	385,539	
FEDERAL HOME LOAN BANKS NOTES	3130AF5B9	1,575,000	3.000	10/12/2021	12/12/2018	2.85%	1,581,395	1,619,896	1,579,625	
FEDERAL HOME LOAN BANKS NOTES	3130AF5B9	1,175,000	3.000	10/12/2021	11/6/2018	3.02%	1,174,319	1,208,494	1,176,641	
UNITED STATES TREASURY NOTES	9128285F3	1,000,000	2.875	10/15/2021	12/12/2018	2.77%	1,002,852	1,027,280	1,002,299	
US TREASURY NOTES	912828T67	540,000	1.250	10/31/2021	11/5/2019	1.61%	536,224	545,925	538,126	
US TREASURY NOTES	912828T67	925,000	1.250	10/31/2021	11/12/2019	1.69%	917,195	935,149	921,081	
FANNIE MAE NOTES	3135G0U92	925,000	2.625	1/11/2022	1/31/2019	2.62%	925,241	959,593	932,517	
FANNIE MAE NOTES	3135G0U92	935,000	2.625	1/11/2022	1/11/2019	2.65%	934,327	969,967	942,232	
WESTPAC BANKING CORP NY CORP NOTES	961214DG5	925,000	2.800	1/11/2022	4/10/2019	2.86%	923,418	960,928	932,229	
US TREASURY NOTES	9128285V8	1,000,000	2.500	1/15/2022	2/11/2019	2.43%	1,001,992	1,035,686	1,008,225	
US TREASURY NOTES	9128285V8	4,600,000	2.500	1/15/2022	1/31/2019	2.55%	4,593,352	4,764,156	4,631,354	
US TREASURY NOTES	912828V72	3,800,000	1.875	1/31/2022	1/9/2019	2.50%	3,730,828	3,899,350	3,789,793	
MERCK & CO INC CORP NOTES	58933YAQ8	450,000	2.350	2/10/2022	1/16/2019	2.99%	441,639	464,120	448,904	
US TREASURY NOTES	9128286C9	1,250,000	2.500	2/15/2022	4/3/2019	2.29%	1,257,275	1,294,319	1,259,890	
US TREASURY NOTES	9128286C9	5,150,000	2.500	2/15/2022	3/5/2019	2.54%	5,144,367	5,332,594	5,174,828	
NY ST DORM AUTH PITS TXBL REV BONDS	64990FRJ5	450,000	1.935	2/15/2022	1/3/2020	1.93%	450,000	460,798	451,838	
TOTAL CAPITAL SA CORP NOTE	89153VAB5	475,000	2.875	2/17/2022	7/19/2019	2.20%	483,047	493,238	481,839	
CHEVRON CORP (CALLABLE) NOTES	166764BN9	475,000	2.498	3/3/2022	5/17/2019	2.56%	474,202	489,968	476,531	
PFIZER INC CORP BONDS	717081ER0	270,000	2.800	3/11/2022	3/11/2019	2.80%	269,984	279,947	271,043	
NY ST DORM AUTH PITS TXBL REV BONDS	64990FYV0	760,000	0.550	3/15/2022	10/15/2020	0.55%	760,000	759,889	760,186	
US BANCORP (CALLABLE) NOTE	91159HHC7	965,000	3.000	3/15/2022	6/18/2019	2.33%	982,032	1,000,989	976,944	
BANK OF MONTREAL CORP NOTES	06367WJM6	465,000	2.900	3/26/2022	3/26/2019	2.99%	463,819	482,558	465,761	
ASIAN DEVELOPMENT BANK SUPRANATL	045167ET6	920,000	0.625	4/7/2022	4/7/2020	0.67%	919,163	925,345	919,785	
UNITED STATES TREASURY NOTES	9128286M7	810,000	2.250	4/15/2022	5/3/2019	2.23%	810,570	835,531	811,131	
AVONDALE SCH DIST, MI TXBL GO BONDS	054375VQ0	460,000	1.600	5/1/2022	2/25/2020	1.60%	460,000	473,245	465,029	
APPLE INC CORP NOTES	037833BF6	475,000	2.700	5/13/2022	6/14/2019	2.25%	481,056	498,523	484,161	
APPLE INC CORP NOTES	037833BF6	500,000	2.700	5/13/2022	1/10/2019	3.08%	494,015	524,761	503,560	
BERKSHIRE HATHAWAY INC CORP NOTE	084664BT7	475,000	3.000	5/15/2022	8/15/2019	1.85%	489,559	500,924	489,691	
COSTCO WHOLESALE CORP CORP NOTES	22160KAK1	200,000	2.300	5/18/2022	8/16/2019	1.94%	201,910	208,030	203,126	

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**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Operating Reserve Accounts										
BLACKROCK INC CORP NOTES	09247XAJ0	925,000	3.375	6/1/2022	11/9/2018	3.41%	923,909	981,412	937,523	
FEDERAL HOME LOAN BANK	313379Q69	1,900,000	2.125	6/10/2022	7/1/2019	1.86%	1,914,269	1,975,145	1,923,592	
US TREASURY NOTES	9128282P4	3,050,000	1.875	7/31/2022	6/5/2019	1.85%	3,052,502	3,155,476	3,065,836	
HONOLULU, HI TXBL GO BONDS	438687KR5	390,000	1.739	8/1/2022	8/21/2019	1.74%	390,000	401,040	391,696	
NORTHERN TRUST COMPANY CORP NOTES	665859AN4	475,000	2.375	8/2/2022	8/13/2019	1.95%	480,767	494,870	481,185	
NORTHERN TRUST COMPANY CORP NOTES	665859AN4	500,000	2.375	8/2/2022	3/6/2020	1.02%	516,080	520,916	514,625	
PROCTER & GAMBLE CO/THE CORP NOTES	742718EU9	950,000	2.150	8/11/2022	6/21/2019	2.15%	950,105	985,402	954,598	
EXXON MOBIL CORPORATION	30231GBB7	345,000	1.902	8/16/2022	8/16/2019	1.90%	345,000	355,826	346,367	
BANK OF NY MELLON CORP CORP NOTES	06406RAK3	295,000	1.950	8/23/2022	8/23/2019	1.96%	294,906	304,881	296,030	
BANK OF NY MELLON CORP CORP NOTES	06406RAK3	175,000	1.950	8/23/2022	9/5/2019	1.85%	175,483	180,862	175,939	
SKANDINAV ENSKILDA BANK LT CD	83050PDR7	1,450,000	1.860	8/26/2022	9/3/2019	1.85%	1,450,000	1,496,520	1,455,019	
NORDEA BANK ABP NEW YORK CERT DEPOS	65558TLL7	1,450,000	1.850	8/26/2022	8/29/2019	1.84%	1,450,000	1,496,229	1,454,992	
US TREASURY NOTES	9128282S8	600,000	1.625	8/31/2022	10/4/2019	1.34%	604,922	617,701	604,766	
SAN JOSE, CA TXBL GO BONDS	798135H44	435,000	2.300	9/1/2022	7/25/2019	2.08%	437,854	452,245	438,351	
APPLE INC	037833DL1	140,000	1.700	9/11/2022	9/11/2019	1.71%	139,976	144,011	140,316	
MERCK & CO INC CORP NOTES	589331AT4	450,000	2.400	9/15/2022	3/15/2019	2.71%	445,401	466,666	448,926	
PRINCE GEORGES CNTY, MD TXBL GO BONDS	7417017E0	500,000	0.603	9/15/2022	6/16/2020	0.60%	500,000	502,185	500,385	
VISA INC (CALLABLE) NOTE	92826CAG7	925,000	2.150	9/15/2022	5/24/2019	2.56%	913,086	958,055	920,816	
NYC, NY TXBL GO BONDS	64966QEE6	385,000	1.690	10/1/2022	10/22/2019	1.69%	385,000	392,719	385,542	
UNITED STATES TREASURY NOTES	912828YK0	625,000	1.375	10/15/2022	11/4/2019	1.55%	621,826	640,245	623,298	
UNITED STATES TREASURY NOTES	912828YK0	3,175,000	1.375	10/15/2022	12/4/2019	1.63%	3,152,676	3,252,445	3,161,822	
BANK OF MONTREAL CORP NOTES	06367WRC9	975,000	2.050	11/1/2022	10/21/2019	2.09%	973,859	1,017,386	984,241	
NYC, NY TXBL GO BONDS	64966QLD0	420,000	0.450	11/1/2022	9/9/2020	0.45%	420,000	417,413	420,273	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971XHY7	925,000	2.520	11/1/2022	4/12/2019	2.52%	925,000	973,368	936,655	
BANK OF NOVA SCOTIA HOUSTON CORP NOTES	064159SH0	975,000	2.000	11/15/2022	10/15/2019	2.01%	974,698	1,016,293	983,792	
TORONTO-DOMINION BANK	89114QCD8	975,000	1.900	12/1/2022	10/10/2019	1.94%	973,918	1,013,419	982,002	
UNITED STATES TREASURY NOTES	912828Z29	1,700,000	1.500	1/15/2023	2/5/2020	1.33%	1,708,367	1,757,490	1,713,819	
BANK OF NOVA SCOTIA	064159QD1	410,000	2.375	1/18/2023	7/18/2019	2.39%	409,807	429,837	412,664	
BANK OF NY MELLON CORP NOTES	06406RAM9	325,000	1.850	1/27/2023	1/28/2020	1.87%	324,773	336,631	326,400	
US TREASURY NOTES	912828P38	1,325,000	1.750	1/31/2023	1/6/2020	1.61%	1,330,383	1,377,649	1,334,802	
UNITED STATES TREASURY NOTES	912828Z86	625,000	1.375	2/15/2023	3/4/2020	0.78%	635,864	644,009	635,247	
FEDERAL HOME LOAN BANKS NOTES	3130AJ7E3	1,325,000	1.375	2/17/2023	2/21/2020	1.44%	1,322,562	1,363,726	1,326,874	
BERKSHIRE HATHAWAY FIN (CALLABLE) NOTES	084670BR8	500,000	2.750	3/15/2023	3/9/2020	1.16%	523,550	527,486	519,951	
NY ST URBAN DEV CORP TXBL REV BONDS	650036AR7	375,000	0.720	3/15/2023	6/25/2020	0.72%	375,000	374,029	375,345	
JPMORGAN CHASE & CO BONDS	46647PBB1	475,000	3.207	4/1/2023	3/22/2019	3.21%	475,000	494,766	476,269	
AFRICAN DEVELOPMENT BANK SUPRANATL	008281BC0	800,000	0.750	4/3/2023	4/3/2020	0.80%	798,888	809,527	799,570	
FREDDIE MAC NOTES	3137EAEQ8	2,475,000	0.375	4/20/2023	4/20/2020	0.46%	2,468,813	2,484,142	2,470,198	
AVONDALE SCH DIST, MI TXBL GO BONDS	054375VR8	470,000	1.650	5/1/2023	2/25/2020	1.65%	470,000	488,502	475,299	
FREDDIE MAC NOTES	3137EAER6	1,865,000	0.375	5/5/2023	5/7/2020	0.39%	1,864,217	1,875,169	1,867,725	
FREDDIE MAC NOTES	3137EAER6	1,200,000	0.375	5/5/2023	6/4/2020	0.35%	1,200,960	1,206,543	1,203,000	
APPLE INC CORPORATE NOTES	037833DV9	320,000	0.750	5/11/2023	5/11/2020	0.84%	319,130	324,385	320,401	
FANNIE MAE NOTES	3135G04Q3	1,975,000	0.250	5/22/2023	5/22/2020	0.35%	1,969,055	1,978,218	1,972,121	
FANNIE MAE NOTES	3135G04Q3	1,125,000	0.250	5/22/2023	6/4/2020	0.36%	1,121,355	1,126,833	1,123,103	
INTER-AMERICAN DEVEL BK CORPORATE NOTES	4581XDDM7	505,000	0.500	5/24/2023	4/24/2020	0.51%	504,828	508,681	505,959	
AMAZON.COM INC CORPORATE NOTES	023135BP0	535,000	0.400	6/3/2023	6/3/2020	0.45%	534,251	536,346	535,234	
CHEVRON CORP	166764AH3	475,000	3.191	6/24/2023	2/27/2020	1.62%	499,097	511,497	499,517	
FREDDIE MAC NOTES	3137EAES4	1,820,000	0.250	6/26/2023	6/26/2020	0.35%	1,814,686	1,822,089	1,816,887	
WAL-MART STORES INC CORP NOTES	931142EK5	340,000	3.400	6/26/2023	5/6/2020	0.80%	367,339	370,745	366,964	

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**DC Water
Finance Division
Portfolio Holdings by Fund**

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Operating Reserve Accounts										
PORT AUTH OF NY/NJ TXBL REV BONDS	73358W4V3	285,000	1.086	7/1/2023	7/8/2020	1.09%	285,000	289,018	285,972	
PORT AUTH OF NY/NJ TXBL REV BONDS	73358W4V3	285,000	1.086	7/1/2023	7/9/2020	0.89%	286,670	289,018	287,465	
WA ST T/E GO BONDS	93974EHJ8	475,000	5.000	7/1/2023	4/29/2020	1.03%	533,696	542,258	532,185	
FANNIE MAE NOTES	3135G05G4	1,915,000	0.250	7/10/2023	7/10/2020	0.32%	1,910,883	1,916,507	1,912,788	
FANNIE MAE NOTES	3135G05G4	750,000	0.250	7/10/2023	10/8/2020	0.26%	749,730	750,590	750,315	
ASIAN DEVELOPMENT BANK CORPORATE NOTES	045167EV1	1,000,000	0.250	7/14/2023	7/14/2020	0.31%	998,330	999,417	999,241	
MD ST TXBL GO BONDS	574193TP3	500,000	0.410	8/1/2023	8/5/2020	0.41%	500,000	502,115	500,490	
FANNIE MAE NOTES (CALLABLE)	3135G05R0	1,525,000	0.300	8/10/2023	8/12/2020	0.36%	1,522,255	1,525,519	1,523,488	
FREDDIE MAC NOTES	3137EAEV7	1,810,000	0.250	8/24/2023	8/21/2020	0.28%	1,808,154	1,810,911	1,809,155	
FREDDIE MAC NOTES	3137EAEW5	785,000	0.250	9/8/2023	9/4/2020	0.24%	785,143	785,324	785,447	
FREDDIE MAC NOTES	3137EAEW5	1,240,000	0.250	9/8/2023	9/4/2020	0.26%	1,239,591	1,240,512	1,240,103	
FREDDIE MAC NOTES	3137EAEW5	750,000	0.250	9/8/2023	10/8/2020	0.26%	749,760	750,310	750,062	
TORONTO-DOMINION BANK CORPORATE NOTES	89114QCJ5	500,000	0.450	9/11/2023	9/11/2020	0.50%	499,285	499,048	499,631	
ROYAL BANK OF CANADA CORPORATE NOTES	78015K7J7	690,000	0.500	10/26/2023	10/26/2020	0.52%	689,572	689,449	689,622	
MS ST TXBL GO BONDS	605581MY0	375,000	0.422	11/1/2023	8/6/2020	0.42%	375,000	372,711	375,374	
OK ST TURNPIKE AUTH TXBL REV BONDS	679111ZR8	355,000	0.804	1/1/2024	10/29/2020	0.80%	355,000	354,341	355,016	
CITIBANK NA BANK NOTES	17325FAS7	425,000	3.650	1/23/2024	5/12/2020	1.31%	460,696	470,046	460,348	
LA ST TXBL GO BONDS	546417DP8	480,000	0.650	6/1/2024	10/14/2020	0.65%	480,000	478,607	480,147	
JPMORGAN CHASE & CO CORPORATE NOTES	46647PBS4	375,000	0.653	9/16/2024	9/16/2020	0.65%	375,000	374,877	375,306	
JPMORGAN CHASE & CO CORPORATE NOTES	46647PBS4	125,000	0.653	9/16/2024	9/30/2020	0.66%	124,968	124,959	125,070	
US BANK NA CINCINNATI (CALLABLE) CORPORA	90331HPL1	475,000	2.050	1/21/2025	10/14/2020	0.70%	501,937	502,417	504,331	
FL ST BOARD OF ADMIN TXBL REV BONDS	341271AD6	245,000	1.258	7/1/2025	9/16/2020	1.26%	245,000	248,031	245,385	
FG J20795	31306X3C5	419,508	2.500	10/1/2027	3/24/2020	2.35%	423,703	437,736	424,238	
FANNIE MAE POOL	3138MRLV1	411,713	2.500	1/1/2028	2/18/2020	2.25%	419,046	429,494	419,248	
FR ZS6941	3132A7WA5	415,905	2.000	3/1/2028	5/18/2020	1.61%	427,732	433,046	427,731	
FG J23552	31307B5M8	389,985	2.500	5/1/2028	2/18/2020	2.25%	397,419	406,989	397,594	
FN FM3770	3140X7FL8	456,839	3.000	7/1/2035	8/19/2020	2.48%	486,605	487,572	487,342	
										\$ 212,429,147.22
Debt Service Reserve										
WELLS FARGO TREASURY PLUS MMF		\$ 1,976,252		11/1/2020		0.01%	\$ 1,976,252	\$ 1,976,252	\$ 1,976,252	
US TREASURY NOTES	912828F21	6,840,000	2.125	9/30/2021	10/9/2020	0.13%	6,972,792	6,975,685	6,976,991	
US TREASURY NOTES	912828L57	1,290,000	1.750	9/30/2022	11/1/2019	1.53%	1,298,113	1,331,088	1,297,307	
FANNIE MAE NOTES	3135G05G4	6,000,000	0.250	7/10/2023	7/10/2020	0.31%	5,990,040	6,004,721	5,995,702	
FREDDIE MAC NOTES	3137EAEW5	4,325,000	0.250	9/8/2023	9/4/2020	0.24%	4,326,341	4,326,786	4,327,982	
										\$ 20,574,233.62
CSO LTCP Appropriations Account										
TD BANK BANK DEPOSIT		\$ 803		11/1/2020		0.00%	\$ 803	\$ 803	\$ 803	
										\$ 803.13
Capital Project Accounts										
TD BANK - DEPOSITS (DISTRICT FUNDS)		\$ 25,640,161		11/1/2020		0.00%	\$ 25,640,161	\$ 25,640,161	\$ 25,640,161	
TD BANK - DEPOSITS (DOEE - LEAD SERVICE LINE-RAP)		\$ 20,982		11/1/2020		0.25%	\$ 20,982	\$ 20,982	\$ 20,982	
TD BANK - DEPOSITS (DOEE - LEAD SERVICE LINE-ERW)		\$ 103,495		11/1/2020		0.25%	\$ 103,495	\$ 103,495	\$ 103,495	
TD BANK - CSX PROJECT		\$ 318		11/1/2020		0.21%	\$ 318	\$ 318	\$ 318	
TD BANK - DEPOSITS (CAP MULTI-FAMILY BLDGS)		\$ 7,000,000		11/1/2020		0.00%	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	
TD BANK - DEPOSITS (TARGETED ASSIST)		\$ 5,000,000		11/1/2020		0.00%	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	
TD BANK - DEPOSITS (RESIDENTIAL RELIEF FUND)		\$ 3,000,000		11/1/2020		0.00%	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	
										\$ 40,764,955.89

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Investment Performance Report – October 2020



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
2019A Construction Fund										
WELLS FARGO 100% TREASURY MMF		\$ 12,302,617		11/1/2020		0.01%	\$ 12,302,617	\$ 12,302,617	\$ 12,302,617	
US TREASURY NOTES	912828N89	20,000,000	1.375	1/31/2021	10/22/2020	0.09%	20,070,313	20,131,997	20,132,848	
TREASURY BILL BILLS	9127962F5	35,000,000	-	3/25/2021	10/22/2020	0.10%	34,984,953	34,985,402	34,985,930	
TREASURY BILL BILLS	9127962Q1	25,000,000	-	4/22/2021	10/22/2020	0.11%	24,986,540	24,987,530	24,987,279	
US TREASURY N/B	912828S27	9,800,000	1.125	6/30/2021	10/22/2020	0.12%	9,868,141	9,901,462	9,902,575	
										\$ 102,311,249.18
2019B Construction Fund										
WELLS FARGO 100% TREASURY MMF		\$ 2,564,174		11/1/2020		0.01%	\$ 2,564,174	\$ 2,564,174	\$ 2,564,174	
TREASURY BILL BILLS	912796TY5	20,200,000	-	12/31/2020	10/23/2020	0.09%	20,196,496	20,197,021	20,196,953	
										\$ 22,761,126.69
2019C Construction Fund										
WELLS FARGO 100% TREASURY MMF		\$ 21,434,418		11/1/2020		0.01%	\$ 21,434,418	\$ 21,434,418	\$ 21,434,418	
CREDIT SUISSE NEW YORK COMM PAPER	2254EAL68	3,000,000	-	11/6/2020	5/7/2020	0.39%	2,994,053	2,999,955	2,999,838	
MIZUHO BANK LTD/NY COMM PAPER	60689FMP0	3,000,000	-	12/23/2020	6/29/2020	0.36%	2,994,764	2,999,367	2,998,462	
CITIGROUP GLOBAL MARKETS COMM PAPER	17327AMX2	3,000,000	-	12/31/2020	4/17/2020	0.96%	2,979,575	2,998,845	2,995,250	
ABN AMRO FUNDING USA LLC COMM PAPER	00084BUG7	3,000,000	-	7/16/2021	10/26/2020	0.21%	2,995,398	2,995,248	2,995,503	
NATIXIS NY BRANCH COMM PAPER	63873JUK4	3,000,000	-	7/19/2021	10/23/2020	0.22%	2,995,068	2,995,194	2,995,233	
ROYAL BANK OF CANADA COMM PAPER	78009AUK8	5,000,000	-	7/19/2021	10/23/2020	0.22%	4,991,781	4,991,895	4,992,056	
MUFG BANK LTD/NY COMM PAPER	62479LUK9	3,000,000	-	7/19/2021	10/23/2020	0.24%	2,994,620	2,994,756	2,994,800	
BNP PARIBAS NY BRANCH COMM PAPER	09659BUK4	3,000,000	-	7/19/2021	10/23/2020	0.22%	2,995,068	2,994,975	2,995,233	
NATIONAL BANK OF CANADA COMM PAPER	63307LUL3	3,000,000	-	7/20/2021	10/23/2020	0.25%	2,994,375	2,994,168	2,994,563	
US TREASURY NOTES	912828WY2	5,000,000	2.250	7/31/2021	10/26/2020	0.13%	5,080,859	5,107,337	5,107,545	
US TREASURY N/B NOTES	9128282F6	45,550,000	1.125	8/31/2021	10/23/2020	0.13%	45,936,107	46,007,859	46,012,735	
										\$ 101,515,634.86
							\$ 589,903,529.74	\$ 592,707,082.51	\$ 590,721,977.96	\$ 590,721,977.96

CDARS holdings are not managed by PFMAM, and we therefore cannot guarantee the accuracy of holdings information provided.



**DC Water
Finance Division
Security Purchases
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts								
037833DV9	APPLE INC CORPORATE NOTES	320,000.00	0.75	5/11/2023	5/4/2020	5/11/2020	0.84	319,129.60
931142EK5	WAL-MART STORES INC CORP NOTES	340,000.00	3.40	6/26/2023	5/4/2020	5/6/2020	0.80	371,513.84
3137EAER6	FREDDIE MAC NOTES	1,865,000.00	0.38	5/5/2023	5/5/2020	5/7/2020	0.39	1,864,216.70
17325FAS7	CITIBANK NA BANK NOTES	425,000.00	3.65	1/23/2024	5/8/2020	5/12/2020	1.31	465,392.59
3132A7WA5	FR ZS6941	474,856.22	2.00	3/1/2028	5/11/2020	5/18/2020	1.61	488,808.42
89233GPC4	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,000,000.00	-	2/12/2021	5/18/2020	5/19/2020	1.52	988,791.67
3135G04Q3	FANNIE MAE NOTES	1,975,000.00	0.25	5/22/2023	5/20/2020	5/22/2020	0.35	1,969,055.25
023135BP0	AMAZON.COM INC CORPORATE NOTES	535,000.00	0.40	6/3/2023	6/1/2020	6/3/2020	0.45	534,251.00
3135G04Q3	FANNIE MAE NOTES	1,125,000.00	0.25	5/22/2023	6/3/2020	6/4/2020	0.36	1,121,448.75
3137EAER6	FREDDIE MAC NOTES	1,200,000.00	0.38	5/5/2023	6/3/2020	6/4/2020	0.35	1,201,297.50
7417017E0	PRINCE GEORGES CNTY, MD TXBL GO BONDS	500,000.00	0.60	9/15/2022	6/10/2020	6/16/2020	0.60	500,000.00
650036AR7	NY ST URBAN DEV CORP TXBL REV BONDS	375,000.00	0.72	3/15/2023	6/18/2020	6/25/2020	0.72	375,000.00
3137EAES4	FREDDIE MAC NOTES	1,820,000.00	0.25	6/26/2023	6/24/2020	6/26/2020	0.35	1,814,685.60
73358W4V3	PORT AUTH OF NY/NJ TXBL REV BONDS	285,000.00	1.09	7/1/2023	7/2/2020	7/8/2020	1.09	285,000.00
73358W4V3	PORT AUTH OF NY/NJ TXBL REV BONDS	285,000.00	1.09	7/1/2023	7/7/2020	7/9/2020	0.89	286,678.70
045167EV1	ASIAN DEVELOPMENT BANK CORPORATE NOTES	1,000,000.00	0.25	7/14/2023	6/24/2020	7/14/2020	0.31	998,330.00
3135G05G4	FANNIE MAE NOTES	1,915,000.00	0.25	7/10/2023	7/8/2020	7/10/2020	0.32	1,910,882.75
574193TP3	MD ST TXBL GO BONDS	500,000.00	0.41	8/1/2023	7/23/2020	8/5/2020	0.41	500,000.00
605581MY0	MS ST TXBL GO BONDS	375,000.00	0.42	11/1/2023	7/24/2020	8/6/2020	0.42	375,000.00
3135G05R0	FANNIE MAE NOTES (CALLABLE)	1,525,000.00	0.30	8/10/2023	8/11/2020	8/12/2020	0.36	1,522,280.42
3140X7FL8	FN FM3770	470,547.01	3.00	7/1/2035	8/17/2020	8/19/2020	2.48	501,911.91
3137EAUV7	FREDDIE MAC NOTES	1,810,000.00	0.25	8/24/2023	8/19/2020	8/21/2020	0.28	1,808,153.80
64966QLD0	NYC, NY TXBL GO BONDS	420,000.00	0.45	11/1/2022	8/27/2020	9/9/2020	0.45	420,000.00
3137EAUV5	FREDDIE MAC NOTES	785,000.00	0.25	9/8/2023	9/2/2020	9/4/2020	0.24	785,143.35
3137EAUV5	FREDDIE MAC NOTES	1,240,000.00	0.25	9/8/2023	9/2/2020	9/4/2020	0.26	1,239,590.80
341271AD6	FL ST BOARD OF ADMIN TXBL REV BONDS	245,000.00	1.26	7/1/2025	9/3/2020	9/16/2020	1.26	245,000.00
46647PBS4	JPMORGAN CHASE & CO CORPORATE NOTES	375,000.00	0.65	9/16/2024	9/9/2020	9/16/2020	0.65	375,000.00
89114QCJ5	TORONTO-DOMINION BANK CORPORATE NOTES	500,000.00	0.45	9/11/2023	9/9/2020	9/11/2020	0.50	499,285.00
46647PBS4	JPMORGAN CHASE & CO CORPORATE NOTES	125,000.00	0.65	9/16/2024	9/28/2020	9/30/2020	0.66	124,999.24
546417DP8	LA ST TXBL GO BONDS	480,000.00	0.65	6/1/2024	10/2/2020	10/14/2020	0.65	480,000.00
3135G05G4	FANNIE MAE NOTES	750,000.00	0.25	7/10/2023	10/7/2020	10/8/2020	0.26	750,188.33
3137EAUV5	FREDDIE MAC NOTES	750,000.00	0.25	9/8/2023	10/7/2020	10/8/2020	0.26	749,937.08
RE1332742	INDUSTRIAL BANK CDARS	5,180,183.21	0.10	4/8/2021	10/8/2020	10/8/2020	0.10	5,180,183.21
90331HPL1	US BANK NA CINCINNATI (CALLABLE) CORPORA	475,000.00	2.05	1/21/2025	10/9/2020	10/14/2020	0.70	504,182.28
64990FYV0	NY ST DORM AUTH PITS TXBL REV BONDS	760,000.00	0.55	3/15/2022	10/9/2020	10/15/2020	0.55	760,000.00
679111ZR8	OK ST TURNPIKE AUTH TXBL REV BONDS	355,000.00	0.80	1/1/2024	10/16/2020	10/29/2020	0.80	355,000.00
78015K7J7	ROYAL BANK OF CANADA CORPORATE NOTES	690,000.00	0.50	10/26/2023	10/21/2020	10/26/2020	0.52	689,572.20
Total Debt Service Reserve								
62479LJW6	MUFG BANK LTD/NY COMM PAPER	3,750,000.00	-	9/30/2020	5/26/2020	5/27/2020	0.28	3,746,325.00
8923A0JW4	TOYOTA CRED PUERTO RICO COMM PAPER	3,750,000.00	-	9/30/2020	5/26/2020	5/27/2020	0.43	3,744,356.25
3135G05G4	FANNIE MAE NOTES	6,000,000.00	0.25	7/10/2023	7/9/2020	7/10/2020	0.31	5,990,040.00
3137EAUV5	FREDDIE MAC NOTES	4,325,000.00	0.25	9/8/2023	9/3/2020	9/4/2020	0.24	4,326,340.75
912828F21	US TREASURY NOTES	7,550,000.00	2.13	9/30/2021	10/8/2020	10/9/2020	0.13	7,700,543.03

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Security Purchases
Last 6 Months (Continued)**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
2019A Construction Fund								
912796XH7	UNITED STATES TREASURY BILL	12,000,000.00	-	9/3/2020	6/5/2020	6/8/2020	0.150	11,995,650.00
912828N89	US TREASURY NOTES	20,000,000.00	1.38	1/31/2021	10/22/2020	10/22/2020	0.090	20,132,336.96
912828S27	US TREASURY N/B	9,800,000.00	1.13	6/30/2021	10/22/2020	10/22/2020	0.120	9,902,294.16
9127962F5	TREASURY BILL BILLS	35,000,000.00	-	3/25/2021	10/22/2020	10/22/2020	0.100	34,984,952.92
9127962Q1	TREASURY BILL BILLS	25,000,000.00	-	4/22/2021	10/22/2020	10/22/2020	0.110	24,986,539.58
2019B Construction Fund								
87019RJ49	SWEDBANK COMM PAPER	2,000,000.00	-	9/4/2020	6/5/2020	6/8/2020	0.210	1,998,973.33
59157TJA2	METLIFE SHORT TERM FUND COMM PAPER	2,000,000.00	-	9/10/2020	6/8/2020	6/8/2020	0.210	1,998,903.33
912796TY5	TREASURY BILL BILLS	20,200,000.00	-	12/31/2020	10/22/2020	10/23/2020	0.090	20,196,496.14
2019C Construction Fund								
2254EAL68	CREDIT SUISSE NEW YORK COMM PAPER	3,000,000.00	-	11/6/2020	5/6/2020	5/7/2020	0.390	2,994,052.50
60689FMP0	MIZUHO BANK LTD/NY COMM PAPER	3,000,000.00	-	12/23/2020	6/26/2020	6/29/2020	0.360	2,994,763.75
09659BUK4	BNP PARIBAS NY BRANCH COMM PAPER	3,000,000.00	-	7/19/2021	10/22/2020	10/23/2020	0.220	2,995,068.33
62479LUK9	MUFG BANK LTD/NY COMM PAPER	3,000,000.00	-	7/19/2021	10/22/2020	10/23/2020	0.240	2,994,620.00
63873JUK4	NATIXIS NY BRANCH COMM PAPER	3,000,000.00	-	7/19/2021	10/22/2020	10/23/2020	0.220	2,995,068.33
78009AUK8	ROYAL BANK OF CANADA COMM PAPER	5,000,000.00	-	7/19/2021	10/22/2020	10/23/2020	0.220	4,991,780.56
9128282F6	US TREASURY N/B NOTES	45,550,000.00	1.13	8/31/2021	10/22/2020	10/23/2020	0.130	46,011,132.80
00084BUG7	ABN AMRO FUNDING USA LLC COMM PAPER	3,000,000.00	-	7/16/2021	10/23/2020	10/26/2020	0.210	2,995,397.50
63307LUL3	NATIONAL BANK OF CANADA COMM PAPER	3,000,000.00	-	7/20/2021	10/23/2020	10/23/2020	0.250	2,994,375.00
912828WY2	US TREASURY NOTES	5,000,000.00	2.25	7/31/2021	10/23/2020	10/26/2020	0.130	5,107,455.85

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Security Sales
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts								
912828Z86	UNITED STATES TREASURY NOTES	825,000.00	1.38	2/15/2023	5/5/2020	5/7/2020	0.74	853,562.30
06417GU22	BANK OF NOVA SCOTIA HOUSTON CD	925,000.00	3.08	6/5/2020	5/6/2020	5/6/2020	3.51	939,127.61
045167EF6	ASIAN DEVELOPMENT BANK NOTE	700,000.00	2.25	1/20/2021	5/6/2020	5/7/2020	2.40	714,243.25
912828RC6	US TREASURY NOTES	150,000.00	2.13	8/15/2021	5/7/2020	5/7/2020	1.10	154,456.34
3135GOU35	FANNIE MAE NOTES	475,000.00	2.75	6/22/2021	5/11/2020	5/12/2020	2.77	493,607.86
912828Z86	UNITED STATES TREASURY NOTES	325,000.00	1.38	2/15/2023	5/11/2020	5/18/2020	0.73	336,488.42
89236TCZ6	TOYOTA MOTOR CREDIT CORP	475,000.00	1.90	4/8/2021	5/18/2020	5/19/2020	5.04	479,979.85
89236TEU5	TOYOTA MOTOR CREDIT CORP NOTES	290,000.00	2.95	4/13/2021	5/18/2020	5/19/2020	2.96	296,127.70
89236TEU5	TOYOTA MOTOR CREDIT CORP NOTES	160,000.00	2.95	4/13/2021	5/18/2020	5/19/2020	2.96	163,380.80
3135GOU35	FANNIE MAE NOTES	845,000.00	2.75	6/22/2021	5/20/2020	5/22/2020	2.77	878,207.09
912828Z86	UNITED STATES TREASURY NOTES	1,000,000.00	1.38	2/15/2023	5/20/2020	5/22/2020	0.73	1,035,656.34
4581X0DB1	INTER-AMERICAN DEVELOPMENT BANK NOTE	525,000.00	2.63	4/19/2021	6/2/2020	6/3/2020	2.88	537,536.13
4581X0DB1	INTER-AMERICAN DEVELOPMENT BANK NOTE	535,000.00	2.63	4/19/2021	6/2/2020	6/4/2020	2.88	547,755.07
912828RC6	US TREASURY NOTES	925,000.00	2.13	8/15/2021	6/4/2020	6/4/2020	1.04	952,186.17
00828ECZ0	AFRICAN DEVELOPMENT BANK NOTE	800,000.00	2.63	3/22/2021	6/4/2020	6/4/2020	2.75	819,216.00
78013XKG2	ROYAL BANK OF CANADA CORP NOTES	450,000.00	3.20	4/30/2021	6/15/2020	6/15/2020	3.28	462,933.00
78013XKG2	ROYAL BANK OF CANADA CORP NOTES	420,000.00	3.20	4/30/2021	6/22/2020	6/25/2020	3.28	432,187.93
931142EJ8	WAL-MART STORES INC CORP NOTES	575,000.00	3.13	6/23/2021	6/25/2020	6/26/2020	3.13	591,341.74
912828RC6	US TREASURY NOTES	200,000.00	2.13	8/15/2021	6/25/2020	6/26/2020	0.98	205,978.71
40435RCN9	HSBC BANK USA NA CERT DEPOS	925,000.00	2.70	10/2/2020	6/25/2020	6/26/2020	2.61	962,217.38
912828RC6	US TREASURY NOTES	125,000.00	2.13	8/15/2021	7/1/2020	7/7/2020	0.95	128,738.84
912828RC6	US TREASURY NOTES	975,000.00	2.13	8/15/2021	7/1/2020	7/14/2020	0.93	1,004,142.44
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	275,000.00	2.50	4/15/2021	7/8/2020	7/9/2020	4.45	280,643.92
89114QBZ0	TORONTO DOMINION BANK CORP NOTES	925,000.00	3.25	6/11/2021	7/8/2020	7/10/2020	3.30	952,045.20
912828Z86	UNITED STATES TREASURY NOTES	925,000.00	1.38	2/15/2023	7/8/2020	7/10/2020	0.70	958,935.46
9128284W7	US TREASURY NOTES	125,000.00	2.75	8/15/2021	8/4/2020	8/5/2020	2.67	130,017.86
912828RC6	US TREASURY NOTES	475,000.00	2.13	8/15/2021	8/4/2020	8/5/2020	0.86	489,585.00
9128284W7	US TREASURY NOTES	175,000.00	2.75	8/15/2021	8/11/2020	8/12/2020	2.67	181,980.85
45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	925,000.00	2.64	3/9/2021	8/11/2020	8/12/2020	2.77	947,809.34
9128284W7	US TREASURY NOTES	325,000.00	2.75	8/15/2021	8/12/2020	8/12/2020	2.67	337,939.04
89153VAP4	TOTAL CAPITAL INTL SA CORP NOTE	475,000.00	2.75	6/19/2021	8/17/2020	8/19/2020	1.59	486,895.58
87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	525,000.00	2.27	11/16/2020	8/20/2020	8/21/2020	2.26	530,768.49
13063DGA0	CA ST TXBL GO BONDS	1,075,000.00	2.80	4/1/2021	8/20/2020	8/21/2020	2.79	1,103,497.06
9128284W7	US TREASURY NOTES	350,000.00	2.75	8/15/2021	8/27/2020	9/9/2020	2.66	359,417.54
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	135,000.00	2.50	4/15/2021	9/2/2020	9/4/2020	4.78	137,927.17
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	190,000.00	2.50	4/15/2021	9/2/2020	9/4/2020	4.78	194,119.73
459058GH0	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1,335,000.00	2.75	7/23/2021	9/2/2020	9/4/2020	3.02	1,369,218.65
87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	400,000.00	2.27	11/16/2020	9/3/2020	9/4/2020	2.26	404,459.25
46647PAS5	JPMORGAN CHASE & CO CORP NOTES	375,000.00	3.51	6/18/2022	9/9/2020	9/16/2020	3.48	386,917.42
9128284W7	US TREASURY NOTES	475,000.00	2.75	8/15/2021	9/9/2020	9/14/2020	2.66	487,420.35
9128284W7	US TREASURY NOTES	375,000.00	2.75	8/15/2021	9/10/2020	9/11/2020	2.66	384,838.65
46647PAS5	JPMORGAN CHASE & CO CORP NOTES	550,000.00	3.51	6/18/2022	9/21/2020	9/21/2020	3.48	568,275.31
9128284W7	US TREASURY NOTES	1,150,000.00	2.75	8/15/2021	10/7/2020	10/8/2020	2.65	1,180,380.86
9128284W7	US TREASURY NOTES	125,000.00	2.75	8/15/2021	10/8/2020	10/15/2020	2.65	128,304.18
717081EM1	PFIZER INC CORP NOTE	575,000.00	3.00	9/15/2021	10/9/2020	10/14/2020	3.15	590,965.83
88579YBA8	3M COMPANY	340,000.00	3.00	9/14/2021	10/9/2020	10/14/2020	3.23	348,683.60
9128284W7	US TREASURY NOTES	150,000.00	2.75	8/15/2021	10/9/2020	10/14/2020	2.65	153,977.24

Securities highlighted in **blue font** denote trades executed during the current month.

Investment Performance Report – October 2020



DC Water
Finance Division
Security Sales
Last 6 Months(Continued)

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts (continued)</u>								
9128284W7	US TREASURY NOTES	200,000.00	2.75	8/15/2021	10/16/2020	10/29/2020	2.64	205,425.61
3130AF5B9	FEDERAL HOME LOAN BANKS NOTES	675,000.00	3.00	10/12/2021	10/21/2020	10/26/2020	3.06	694,323.00
<u>Total Debt Service Reserve</u>								
912828F21	US TREASURY NOTES	5,800,000.00	2.13	9/30/2021	7/9/2020	7/10/2020	3.14	5,973,574.11
912828VZ0	US TREASURY NOTES	4,275,000.00	2.00	9/30/2020	9/3/2020	9/4/2020	10.22	4,318,021.93
912828F21	US TREASURY NOTES	1,225,000.00	2.13	9/30/2021	10/27/2020	10/28/2020	2.18	1,249,540.49
912828F21	US TREASURY NOTES	710,000.00	2.13	9/30/2021	10/27/2020	10/28/2020	2.18	724,223.47
<u>2019C Construction Fund</u>								
912828L99	US TREASURY NOTES	2,975,000.00	1.38	10/31/2020	5/6/2020	5/7/2020	1.84	2,994,255.65
9128285S5	UNITED STATES TREASURY NOTES	2,900,000.00	2.50	12/31/2020	6/26/2020	6/29/2020	0.76	2,970,261.76
9128285S5	UNITED STATES TREASURY NOTES	28,520,000.00	2.50	12/31/2020	10/22/2020	10/23/2020	(2.11)	28,870,929.69
9128285X4	UNITED STATES TREASURY NOTES	1,445,000.00	2.50	1/31/2021	10/22/2020	10/23/2020	(0.89)	1,462,785.18
912828L99	US TREASURY NOTES	24,640,000.00	1.38	10/31/2020	10/22/2020	10/23/2020	11.57	24,809,734.78

Securities highlighted in **blue font** denote trades executed during the current month.



DC Water
Finance Division
Security Maturities
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	TRADE DATE	SETTLE DATE	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
RE1061747	INDUSTRIAL BANK CDARS	5,103,271.41	1.50	10/8/2020	10/8/2020	10/8/2020	5,178,693.08
<u>Total Debt Service Reserve</u>							
62479LJW6	MUFG BANK LTD/NY COMM PAPER	3,750,000.00	-	9/30/2020		9/30/2020	3,750,000.00
8923A0JW4	TOYOTA CRED PUERTO RICO COMM PAPER	3,750,000.00	-	9/30/2020		9/30/2020	3,750,000.00
<u>2019A Construction Fund</u>							
912828XH8	US TREASURY NOTES	11,400,000.00	1.63	6/30/2020	6/30/2020	6/30/2020	11,492,625.00
912828XH8	US TREASURY NOTES	3,745,000.00	1.63	6/30/2020	6/30/2020	6/30/2020	3,775,428.13
912828XY1	UNITED STATES TREASURY NOTES	14,750,000.00	2.50	6/30/2020	6/30/2020	6/30/2020	14,934,375.00
912828XM7	US TREASURY NOTES	19,662,000.00	1.63	7/31/2020	7/31/2020	7/31/2020	19,821,753.75
912796XH7	UNITED STATES TREASURY BILL	12,000,000.00	-	9/3/2020	9/3/2020	9/3/2020	12,000,000.00
912828VZ0	US TREASURY NOTES	3,328,000.00	2.00	9/30/2020	9/30/2020	9/30/2020	3,361,280.00
<u>2019B Construction Fund</u>							
21687AHX4	COOPERATIVE RABOBANK U.A. COMM PAPER	3,800,000.00	-	8/31/2020	8/31/2020	8/31/2020	3,800,000.00
912828VV9	US TREASURY NOTES	1,685,000.00	2.13	8/31/2020	8/31/2020	8/31/2020	1,702,903.13
87019RJ49	SWEDBANK COMM PAPER	2,000,000.00	-	9/4/2020	9/4/2020	9/4/2020	2,000,000.00
59157TJA2	METLIFE SHORT TERM FUND COMM PAPER	2,000,000.00	-	9/10/2020	9/10/2020	9/10/2020	2,000,000.00
22533TJB3	CREDIT AGRICOLE CIB NY COMM PAPER	2,280,000.00	-	9/11/2020	9/11/2020	9/11/2020	2,280,000.00
89233GJB3	TOYOTA MOTOR CREDIT CORP COMM PAPER	3,800,000.00	-	9/11/2020	9/11/2020	9/11/2020	3,800,000.00
62479LJE6	MUFG BANK LTD/NY COMM PAPER	2,280,000.00	-	9/14/2020	9/14/2020	9/14/2020	2,280,000.00
63873JJE1	NATIXIS NY BRANCH COMM PAPER	2,280,000.00	-	9/14/2020	9/14/2020	9/14/2020	2,280,000.00
09659BJU5	BNP PARIBAS NY BRANCH COMM PAPER	2,800,000.00	-	9/28/2020	9/28/2020	9/28/2020	2,800,000.00
46640PJU8	JP MORGAN SECURITIES LLC COMM PAPER	3,800,000.00	-	9/28/2020	9/28/2020	9/28/2020	3,800,000.00
17327AJW8	CITIGROUP GLOBAL MARKETS COMM PAPER	2,250,000.00	-	9/30/2020	9/30/2020	9/30/2020	2,250,000.00
9128285B2	US TREASURY N/B	37,290,000.00	2.75	9/30/2020	9/30/2020	9/30/2020	37,802,737.50
912828VZ0	US TREASURY NOTES	1,200,000.00	2.00	9/30/2020	9/30/2020	9/30/2020	1,212,000.00
<u>2019C Construction Fund</u>							
46640PHX4	JP MORGAN SECURITIES LLC COMM PAPER	4,000,000.00	-	8/31/2020	8/31/2020	8/31/2020	4,000,000.00
22533TJB3	CREDIT AGRICOLE CIB NY COMM PAPER	3,040,000.00	-	9/11/2020	9/11/2020	9/11/2020	3,040,000.00
89233GJB3	TOYOTA MOTOR CREDIT CORP COMM PAPER	5,065,000.00	-	9/11/2020	9/11/2020	9/11/2020	5,065,000.00
62479LJE6	MUFG BANK LTD/NY COMM PAPER	3,040,000.00	-	9/14/2020	9/14/2020	9/14/2020	3,040,000.00
63873JJE1	NATIXIS NY BRANCH COMM PAPER	3,040,000.00	-	9/14/2020	9/14/2020	9/14/2020	3,040,000.00
13607EKS7	CANADIAN IMPERIAL HLDING COMM PAPER	3,000,000.00	-	10/26/2020	10/26/2020	10/26/2020	3,000,000.00

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Upcoming Transaction Cash Flows
Next 30 Days**

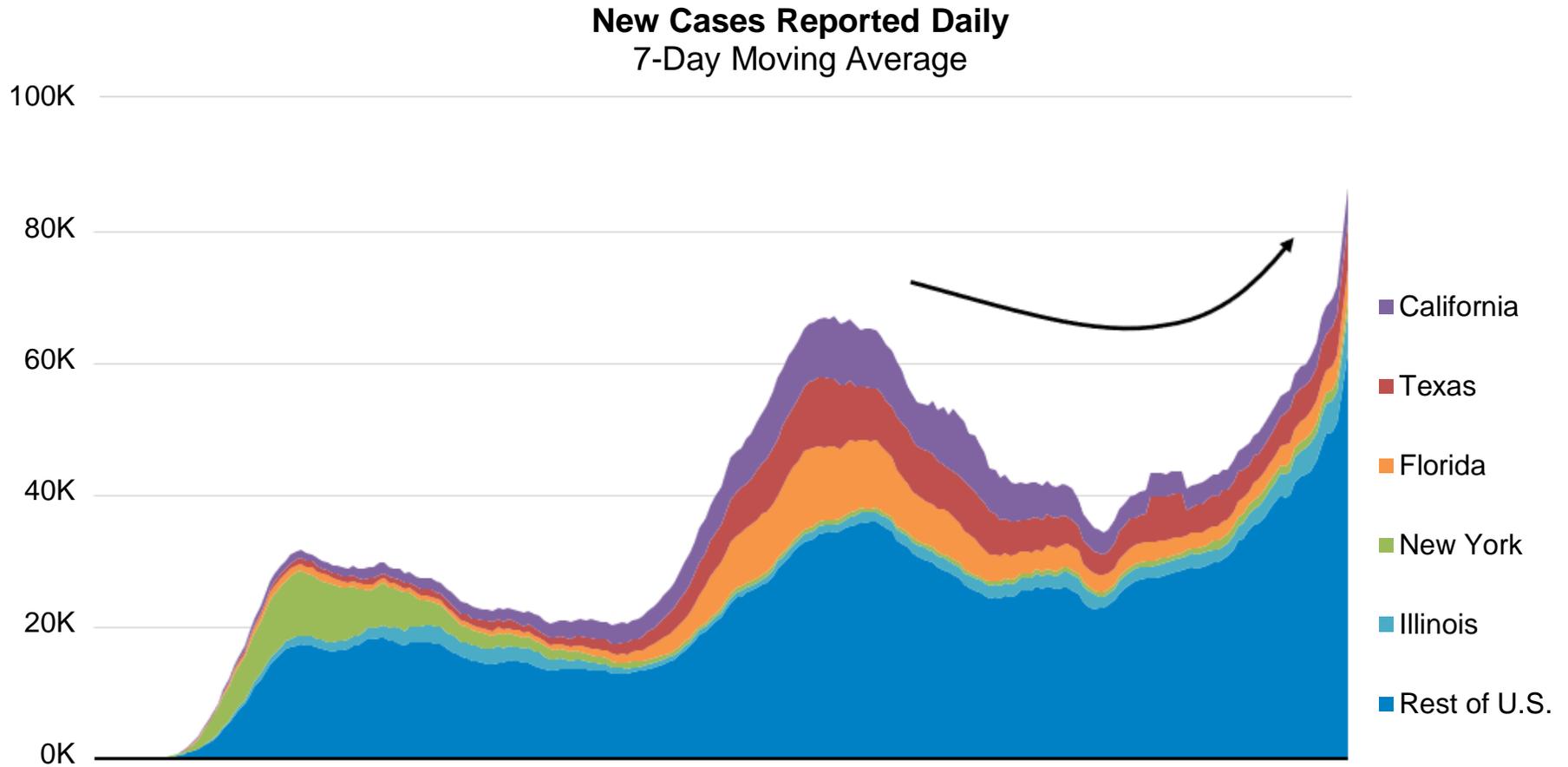
DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
11/01/20	INTEREST	06367WRC9	BANK OF MONTREAL CORP NOTES	2.050	11/01/22	975,000.00	0.00	9,993.75	9,993.75
11/01/20	INTEREST	64971XHY7	NYC TRANS FIN AUTH, NY TXBL REV BONDS	2.520	11/01/22	925,000.00	0.00	11,655.00	11,655.00
11/01/20	INTEREST	054375VQ0	AVONDALE SCH DIST, MI TXBL GO BONDS	1.600	05/01/22	460,000.00	0.00	5,029.33	5,029.33
11/01/20	INTEREST	605581MY0	MS ST TXBL GO BONDS	0.422	11/01/23	375,000.00	0.00	373.65	373.65
11/01/20	INTEREST	054375VR8	AVONDALE SCH DIST, MI TXBL GO BONDS	1.650	05/01/23	470,000.00	0.00	5,299.25	5,299.25
11/01/20	INTEREST	64966QLD0	NYC, NY TXBL GO BONDS	0.450	11/01/22	420,000.00	0.00	273.00	273.00
11/05/20	INTEREST	3137EAER6	FREDDIE MAC NOTES	0.375	05/05/23	3,065,000.00	0.00	5,683.02	5,683.02
11/06/20	MATURITY	2254EAL68	CREDIT SUISSE NEW YORK COMM PAPER	0.000	11/06/20	3,000,000.00	3,000,000.00	0.00	3,000,000.00
11/11/20	INTEREST	037833DV9	APPLE INC CORPORATE NOTES	0.750	05/11/23	320,000.00	0.00	1,200.00	1,200.00
11/13/20	INTEREST	037833BF6	APPLE INC CORP NOTES	2.700	05/13/22	975,000.00	0.00	13,162.50	13,162.50
11/15/20	INTEREST	91412HBH5	UNIV OF CAL TXBL REV BONDS	3.029	05/15/21	340,000.00	0.00	5,149.30	5,149.30
11/15/20	INTEREST	31306X3C5	FG J20795	2.500	10/01/27	419,507.86	0.00	873.97	873.97
11/15/20	INTEREST	064159SH0	BANK OF NOVA SCOTIA HOUSTON CORP NOTES	2.000	11/15/22	975,000.00	0.00	9,750.00	9,750.00
11/15/20	INTEREST	084664BT7	BERKSHIRE HATHAWAY INC CORP NOTE	3.000	05/15/22	475,000.00	0.00	7,125.00	7,125.00
11/15/20	INTEREST	31307B5M8	FG J23552	2.500	05/01/28	389,985.13	0.00	812.47	812.47
11/18/20	INTEREST	22160KAK1	COSTCO WHOLESALE CORP CORP NOTES	2.300	05/18/22	200,000.00	0.00	2,300.00	2,300.00
11/22/20	INTEREST	3135G04Q3	FANNIE MAE NOTES	0.250	05/22/23	3,100,000.00	0.00	3,875.00	3,875.00
11/24/20	INTEREST	4581X0DM7	INTER-AMERICAN DEVEL BK CORPORATE NOTES	0.500	05/24/23	505,000.00	0.00	1,262.50	1,262.50
11/25/20	INTEREST	3140X7FL8	FN FM3770	3.000	07/01/35	456,839.41	0.00	1,142.10	1,142.10
11/25/20	INTEREST	3132A7WA5	FR ZS6941	2.000	03/01/28	415,904.85	0.00	693.17	693.17
11/25/20	INTEREST	3138MRLV1	FANNIE MAE POOL	2.500	01/01/28	411,712.77	0.00	857.73	857.73



Appendix: Economic Update



Covid-19 Cases Rise to Highest Daily Case Counts

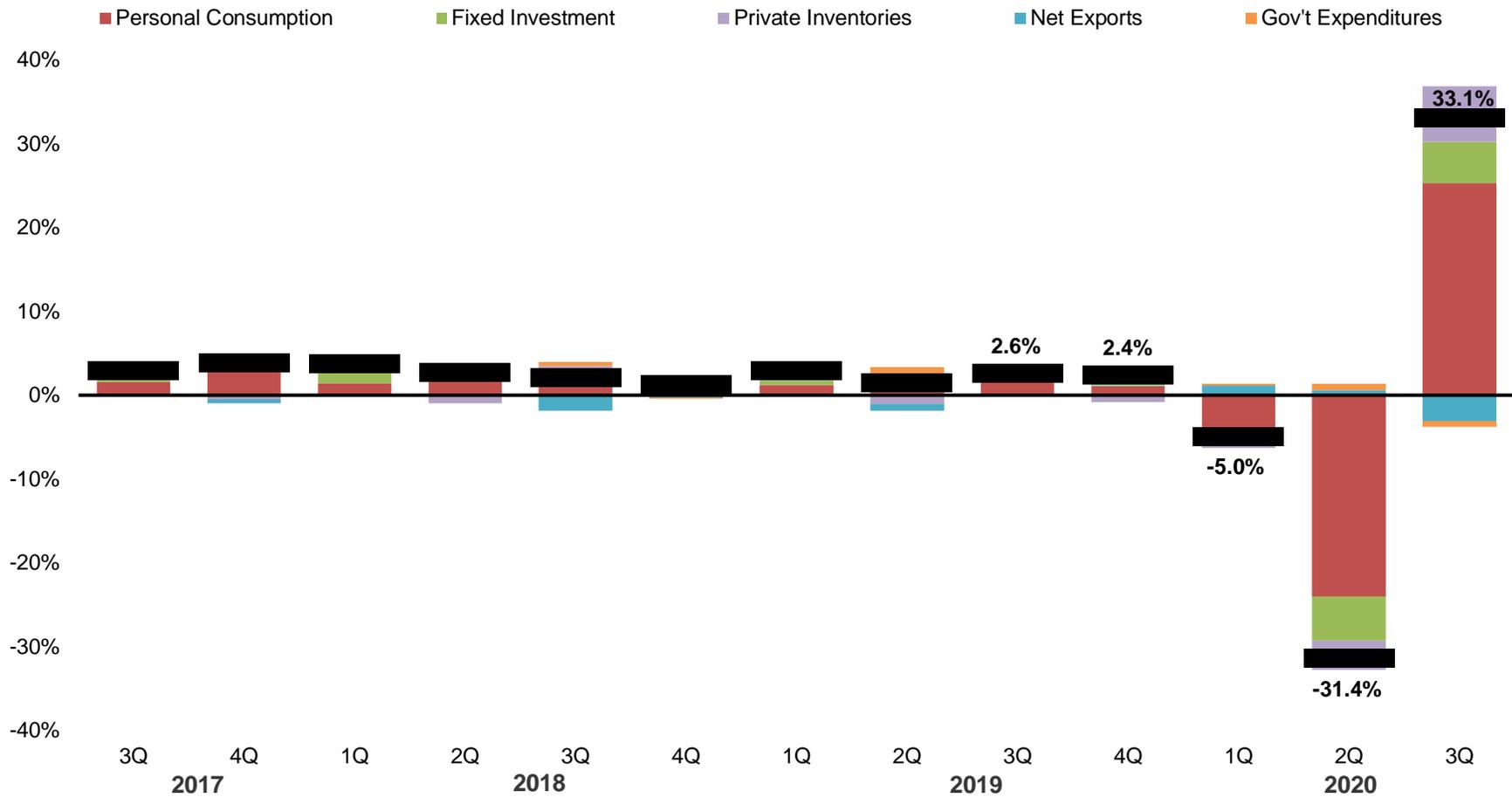


Source: John Hopkins University Coronavirus Resource Center, PFM calculations; as of 10/29/2020.



U.S. Economy Grew at a Record 33.1% in the Third Quarter of 2020

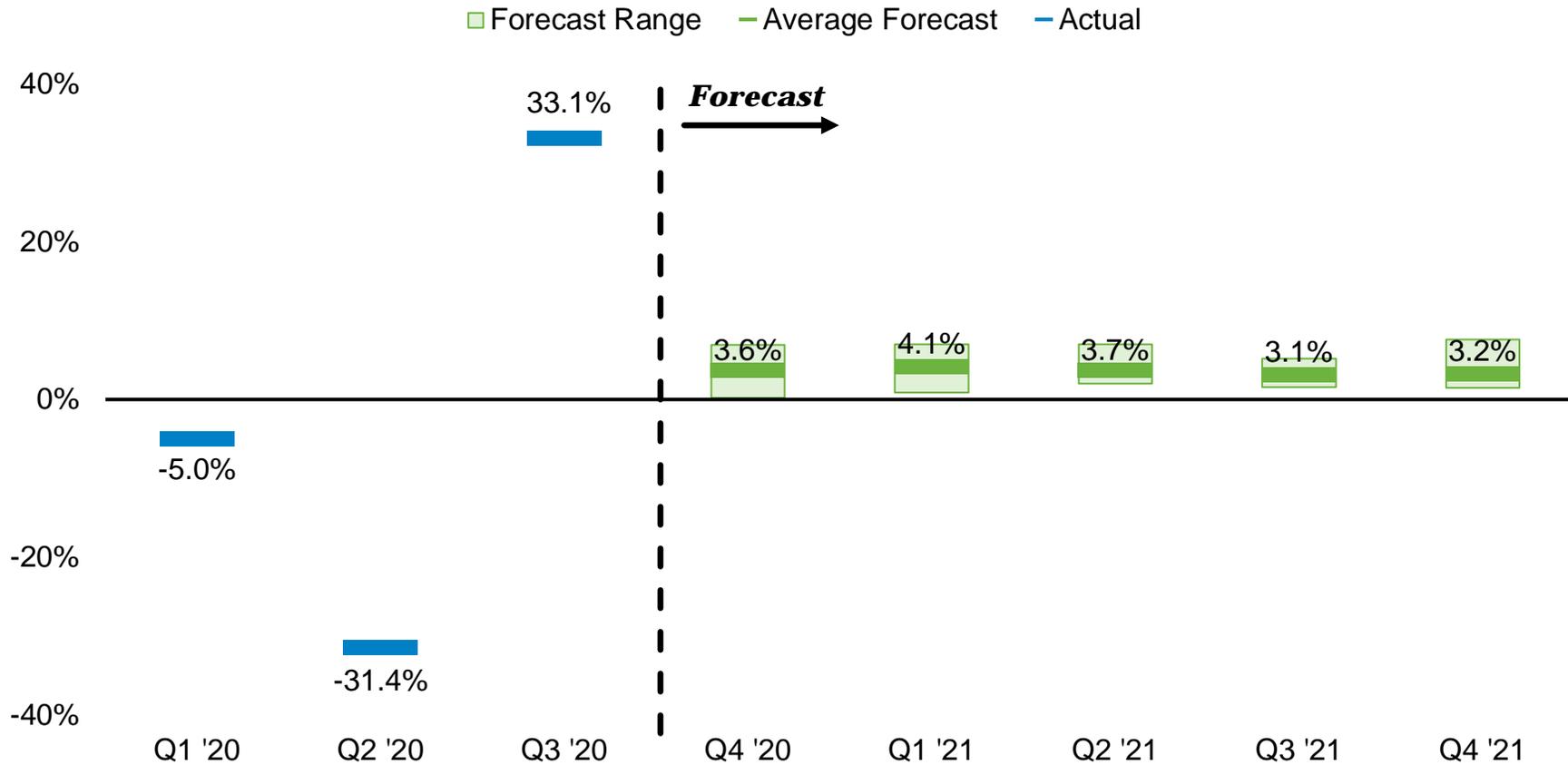
U.S. GDP Contributors and Detractors





Economists Expect Challenging Growth Ahead

U.S. GDP Forecasts Annualized Rate

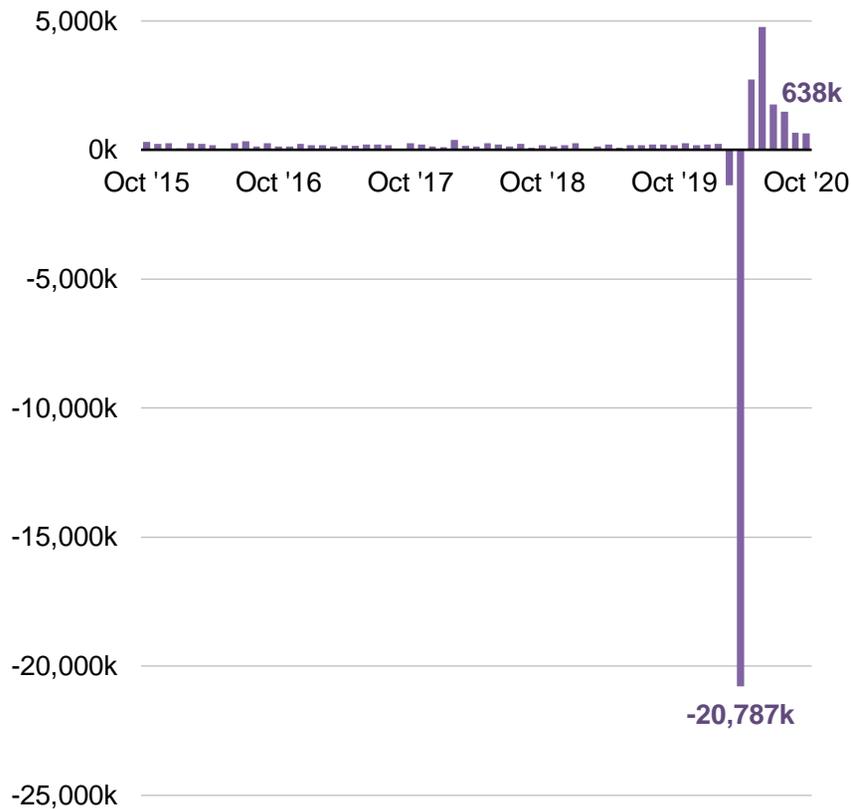


Source: Bloomberg. Forecasts as of 10/29/2020 by Bank of America Merrill Lynch, BMO Capital, Citigroup, Conference Board, Credit Suisse Group, Deutsche Group, Goldman Sachs Group, IHS Markit, JPMorgan Chase, MUFG, Raymond James Financial, Wells Fargo, and RBC Capital Markets.

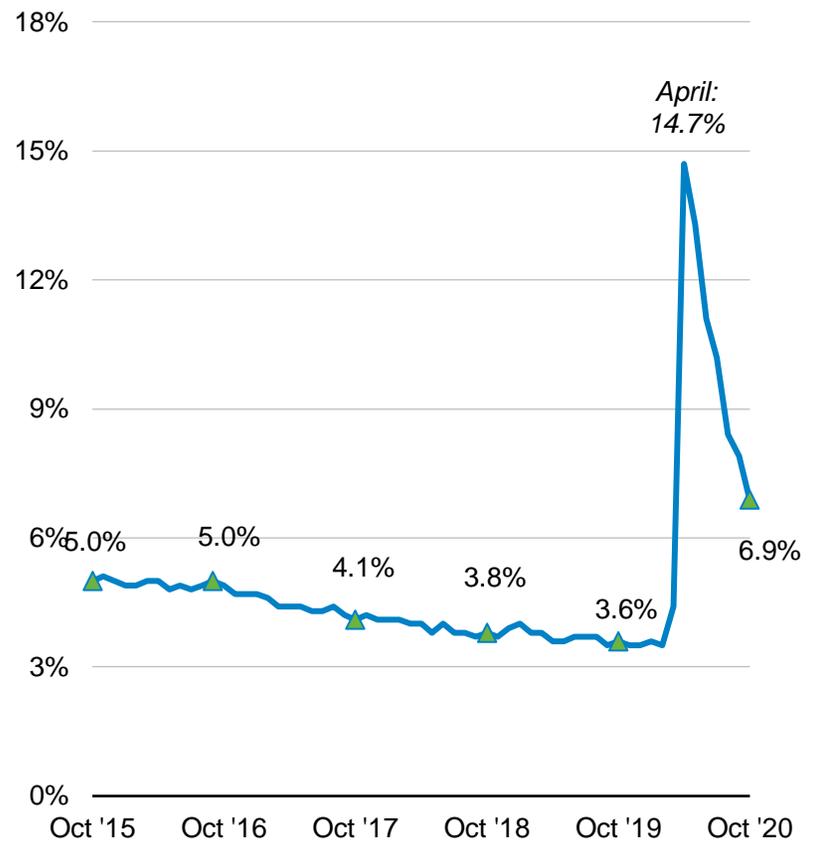


Labor Market Continues to Rebound

Monthly Change in Nonfarm Payrolls



Unemployment Rate



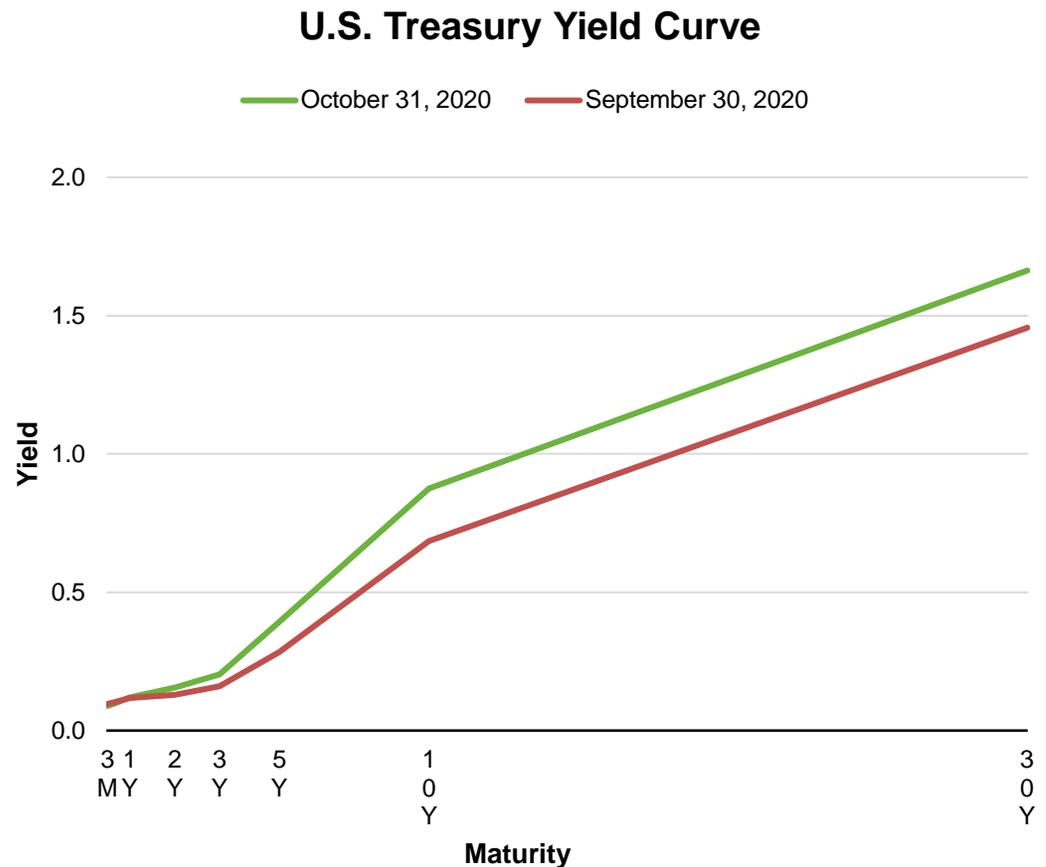
Source: Bloomberg, as of October 31, 2020.



Yield Curve Steepens Modestly to Start the Quarter

- The Treasury yield curve steepened in October, with longer dated yields rising to their highest levels in months
- Expectations surrounding the election and a potential post-election surge in government spending pushed longer-duration yields higher

	9/30/2020	10/31/2020	Change
3 month	0.10%	0.09%	-0.01%
6 month	0.10%	0.10%	0.00%
1 year	0.12%	0.12%	0.00%
2 year	0.13%	0.16%	0.03%
3 year	0.16%	0.20%	0.04%
5 year	0.28%	0.39%	0.11%
10 year	0.69%	0.88%	0.19%
30 year	1.46%	1.66%	0.21%



Source: Bloomberg, as of 9/30/2020 and 10/31/2020, as indicated.



Yield Environment as of October 30, 2020

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
3-Month	0.09%	0.05%	0.21%	0.22%
6-Month	0.10%	0.06%	0.24%	0.27%
1-Year	0.12%	0.13%	0.26%	0.30%
2-Year	0.15%	0.14%	0.33%	0.41%
3-Year	0.20%	0.23%	0.43%	0.54%
5-Year	0.38%	0.50%	0.75%	0.89%

Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3- and 6-month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.



Treasury Yields Remain in Relatively Narrow Range

2-Year Treasury



10-Year Treasury



Source: Bloomberg, as of 10/30/2020.



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District of Columbia Water and Sewer Authority

Capital Improvement Program Report



**FY-2020 4th Quarter
July 1st through September 30th, 2020**

**Board of Directors
Environmental Quality and Operations Committee
Finance and Budget Committee**

**David L. Gadis CEO and General Manager
Leonard R. Benson, Senior Vice President CIP Project Delivery
November 2020**

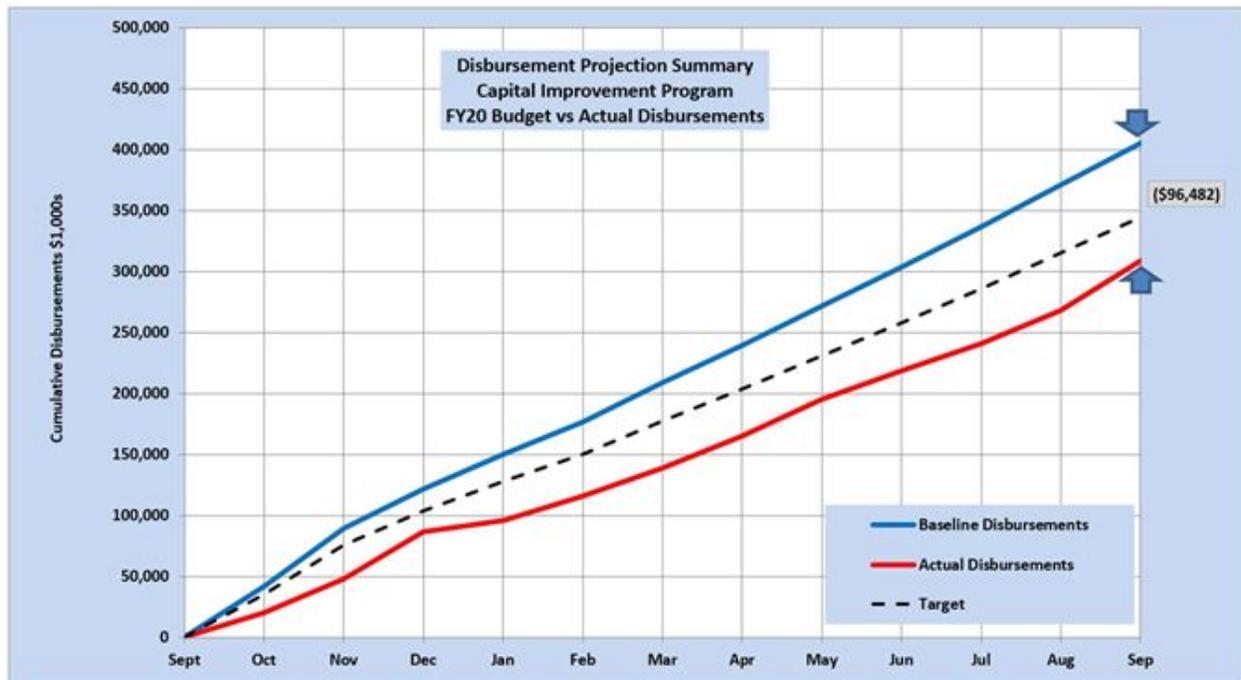


Capital Improvement Program Report 4th Quarter FY2020

CIP Disbursement Performance

FY20 program actual disbursements compared with the FY20 baseline are shown in the chart below:

Disbursement Summary



Fiscal year 2020 CIP disbursements are \$308,552,000, which is below the baseline disbursement ceiling of \$405,004,000.

FY20 disbursements within the service areas are as follows:

Non-Process Facilities

Baseline Disbursements	\$42,066,000
Actual Disbursements	\$10,017,000 (\$32.0M below baseline)

This underspending is mainly due to the delay in receiving funds and subsequent awarding of the Fleet Facility and Sewer Headquarters construction contracts.



Capital Improvement Program Report 4th Quarter FY2020

Wastewater Treatment Service Area

Baseline Disbursements	\$77,536,000
Actual Disbursements	\$48,998,000 (\$28.54M below baseline)

Significant project variances are listed below:

- *Liquid Processing Program Area – (\$9.7M below baseline) –*
 - The disbursements for Project IZ – Replace/Upgrade Influent Screens are \$4.3M less than the baseline, mainly attributable to delay in installing the correct screens and by billing lags in Project UC – Filtration/Disinfection Facility (\$2.0M) .
- *Plantwide Program Area – (\$5.9M below baseline) –*
 - The disbursements for Project JF – Construction of Flood Seawall are \$2.5 less than the baseline due to delays in procuring materials.
 - The disbursements for Projects LS and CW totaled \$1.6M less than the baseline as planned new work was not started to mitigate potential impacts of reduced revenue due to COVID-19.
- *Biosolids Program Area – (\$7.5M below baseline) –*
 - The disbursements for project BX - Gravity Thickener Upgrades Ph II are \$6.9M less than the baseline, mainly attributable to the contract not progressing as quickly as forecast and materials deliveries not occurring as early as anticipated, contract is still expected to finish on time.
- *Nitrogen Removal Program area – (\$5.4M below baseline) –*
 - The disbursements for Project E8 – Enhanced Clarification Facilities are \$1.7M less than the baseline, due to protracted negotiations to close out the contract. This contract also includes Project FR – Tunnel Dewatering Pumping Station, which is \$1.1M below baseline. The disbursements for Project FS, Bolling Overflow and Diversion Structure, are \$1.2M less than the baseline due to the project finishing below the contract value.

For clarity, the Combined Sewer Overflow (CSO) Service Area comments are addressed separately by the CSO and DC Clean Rivers Program Areas

CSO Service Area

Baseline Disbursements	\$7,952,000
Actual Disbursements	\$3,188,000 (\$4.76M below baseline)

Significant project variances are listed below:

- The disbursements for Project EJ00 - Potomac Pumping Station-Ph III Rehab – were under by \$1M as pump reconditioning work did not start as anticipated.
- The disbursements for Project FQ00 - Main & O St. PS Intermediate Upgrade were under by \$3.2M as O St Ventilation and associated work did not occur as planned



Capital Improvement Program Report 4th Quarter FY2020

DC Clean Rivers Program Area

Baseline Disbursements	\$162,197,000
Actual Disbursements	\$178,635,000 (\$16.4M above baseline)

The disbursements for this program area are higher than the baseline due an accelerated payment in late FY20 to take advantage of lower than expected overall disbursements within the FY20 CIP.

Stormwater Service Area

Baseline Disbursements	\$6,869,000
Actual Disbursements	\$2,590,000 (\$4.3M below baseline)

Significant project variances for this service area below.

- *Stormwater Pumping Facilities Area – (\$3.5M below baseline) –*
 - The disbursements for Project NG – Stormwater Pump Stations Rehabilitation are \$3.5M less than the baseline due to delays in procuring the next Miscellaneous Facilities Upgrades construction contract.

Sanitary Sewer Service Area

Baseline Disbursements	\$44,934,000
Actual Disbursements	\$23,365,000 (\$21.6M below baseline)

Significant project variances are listed below:

- *Sanitary Collection Sewers Area – (\$3.9M below baseline) –*
 - The disbursements for Project QX – Local Sewer Assessment 1 are \$1.8M less than the baseline due to project being deferred due to COVID-19 spending limitations.
- *Sanitary On-going Area – (\$3.6M below baseline) –*
 - This area is below the forecast but within the expected limits of the forecasting accuracy as the size and type of emergency repairs to the sewer system are difficult to predict year on year.
- *Sanitary Trunk Sewers Area – (\$9.2M below baseline) –*
 - The disbursements for Project LZ – Potomac Interceptor Projects - Rehab Phase 2 are \$4.7M less than the baseline. The unique contracting requirements caused delays to the design start.
 - The disbursements for Project IL - Creekbed Sewer Rehabilitation 2 were \$1.2M below the baseline as an unforeseen major redesign for storm water system pushed the finish date by more than a year.



Capital Improvement Program Report 4th Quarter FY2020

Water Service Area

Baseline Disbursements	\$62,163,000
Actual Disbursements	\$41,730,000 (\$20.4M below baseline)

Significant project variances are listed below:

- *Water Distribution System Area – (\$17.4M below baseline) –*
 - The forecast disbursements for Project F1 – Small Diameter Water Main Rehab 13 are \$4.5M less than the baseline because projects were deferred due to COVID-19.
 - The forecast disbursements for Project FT – Water Main Rehabs Phase II are \$2.5M less than the baseline due to the delays due to the potential lack of funding available due to the recent COVID-19 pandemic.
 - The forecast disbursements for Project O3 – Small Diameter Water Main Rehab 11 are \$2.2M less than the baseline due to the delays in closing out this contract.



Capital Improvement Program Report
4th Quarter FY2020

Priority 1 Projects (Court Ordered, Stipulated Agreements, etc.)

All priority 1 projects are on schedule and within budget.

Significant Contract Actions Anticipated – 6 Month Look-Ahead

Project	Name	Contract Type	Joint Use?	Cost Range	Committee	BOD
Multiple	Water and Sewer Planning and Engineering Services Consultant	Professional Services	Yes	\$15M - \$20M	EQ & Ops Nov	Dec
CZ00	CSO 025/026 Separation	Construction	No	\$4M - \$8M	EQ & Ops Nov	Dec
IY03	Reclaimed Final Effluent Pump Station	Construction	Yes	\$5M-\$15M	EQ & Ops Jan	Feb



Capital Improvement Program Report
4th Quarter FY2020

**Schedule - Key Performance Indicators
Capital Improvement Program**

Summary:

For the fiscal year, 16 of the Key Performance Indicators (KPIs) completed this period were achieved within 90 days of their target date. 3 completed outside of the 90 days target and 11 remaining to be completed, mainly due to delays due to COVID-10.

#	Performance
16	KPIs were completed within threshold
3	KPIs completed outside threshold
19	Total KPIs completed this year
30	Total KPIs due this year

Reasons for any KPIs not meeting the 90-day threshold:

- LZ09 – Delay obtaining categorical exclusion from EPA
- F103, F104 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding.
- IL10 – Additional permitted storm water management work needed resulting from damage caused by torrential rains
- RC07 – Negotiation challenges resulted in consultant withdrawing their proposal.
- BV01 – There are on-going challenges with the rehab of pumps.
- F201, F202, F203 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding
- I801 – Missed KPI while contractor completes corrective issues and change order work.
- IC01 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding
- LD00 – Missed KPI due to delays while evaluating the impact of COVID-19 on the availability of funding
- NG05 – Delays in procuring the new construction MFU contractor
- SC01 – The design was rescheduled to be done under the new ALU Program Manager/Design contract.

The table below provides a detailed breakdown of each KPI due date grouped by quarter:

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q1	FA03	Soldiers Home Reservoir Upgrade	Construction Start Milestone	10-Oct-19		09-Oct-19	1	✓
Q1	NG02	Stormwater Pumping Stations Rehabilitation Phase 2	Design Start Milestone	30-Dec-19		26-Dec-19	4	✓



Capital Improvement Program Report 4th Quarter FY2020

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q1	UC06	Upgrades to Filtration Influent Pumps 1-10	Construction Start Milestone	10-Oct-19		10-Oct-19	0	✓
Q2	F101	Small Diameter Water Main Repl 13A	Construction Start Milestone	12-Mar-20		13-Mar-20	-1	✓
Q2	F102	Small Diameter Water Main Repl 13B	Construction Start Milestone	16-Feb-20		27-Feb-20	-11	✓
Q2	FQ02	Main PS Upgrades - NFPA, Odor Control, LAPS	Design Start Milestone	29-Jan-20		19-Jan-20	10	✓
Q2	HX01	SDWM Renewal 16A	Design Start Milestone	02-Jan-20		27-Nov-19	36	✓
Q2	JF03	Construction of Flood Seawall Segment C	Construction Start Milestone	13-Jan-20		29-Jan-20	-16	✓
Q2	LZ04	PI Phase 2 Pipe Rehab at Potomac Crossing	Design Start Milestone	03-Mar-20		25-Feb-20	7	✓
Q2	LZ06	PI Phase 4 Pipe Rehab at Fairfax & Loudoun Co.	Design Start Milestone	01-Jan-20		12-Dec-19	20	✓
Q2	LZ09	PI Phase 6 Pipe Rehab at Clara Barton Pkwy and I-495	Design Start Milestone	29-Feb-20		25-Aug-20	-178	☒
Q2	LZ07	PI Phase 5 Pipe Rehab between MH31 and MH30	Design-Build NTP	23-Feb-20		12-May-20	-79	✓
Q3	C904	66" Low Service Steel Main at 8th Street NE & SE	Construction Substantial Completion	30-Apr-20		13-Jan-20	108	✓
Q3	F103	Small Diameter Water Main Repl 13C	Construction Start Milestone	15-Apr-20		08-Sep-20	-147	☒
Q3	F104	Small Diameter Water Main Repl 13D	Construction Start Milestone	15-May-20		30-Sep-20	-123	☒
Q3	HX02	Small Diameter Water Main Repl 16B	Design Start Milestone	01-Apr-20		31-Jan-20	61	✓
Q3	IL10	Creekbed Sewer Rehabilitation Rock Creek Oregon Avenue	Construction Substantial Completion	30-Apr-20	30-May-21		-395	☒
Q3	J001	B Street/New Jersey Ave. Trunk Sewer Rehab and Cleaning Phase 1	Construction Substantial Completion	30-Sep-20		24-Aug-20	37	✓
Q3	RC07	Major Sewer Rehab 1-5 Northeast Boundary	Design Start Milestone	22-May-20	01-Dec-20		-193	☒
Q4	BV01	RWWPS No. 2 Upgrades	Construction Substantial Completion Milestone	02-Jul-20	01-Apr-21		-273	☒



Capital Improvement Program Report
4th Quarter FY2020

Quarter	Job Code	Job Name	Activity Name	Due Date (Baseline)	Estimated Complete Date	Actual Complete Date	Variance (positive is early)	Met within 90 days
Q4	DR02	Low Area Trunk Sewer - Rehabilitation	Construction Substantial Completion	10-Jul-20		10-Jul-20	0	✓
Q4	F201	Small Diameter Water Main Repl 14A	Construction Start Milestone	05-Aug-20	01-Feb-21		-180	☒
Q4	F202	Small Diameter Water Main Repl 14B	Construction Start Milestone	15-Aug-20	01-Jun-21		-290	☒
Q4	F203	Small Diameter Water Main Repl 14C	Construction Start Milestone	03-Sep-20	10-Aug-21		-341	☒
Q4	HX03	Small Diameter Water Main Repl 16C	Design Start Milestone	01-Jul-20		20-Feb-20	132	✓
Q4	I801	Large Valve Replacements 11R	Construction Substantial Completion	29-Sep-20	30-Jun-21		-274	☒
Q4	IC01	Electrical & Power Monitoring Systems	Design Start Milestone	28-Sep-20	28-Sep-22		-730	☒
Q4	LD00	Pre-Dewatering Additional Centrifuges	Design Start Milestone	21-Sep-20	4-Jan-21		-105	☒
Q4	NG05	Stormwater Pump Station Rehab - 1st and D	Construction Start Milestone	01-Sep-20	09-Aug-21		-342	☒
Q4	SC01	Main & O Seawall Restoration (Phase 2 HQO)	Design Start Milestone	29-Aug-20	31-Mar-21		-204	☒

Table Key: Positive variance = Finishing earlier than baseline plan **Bold** = Actual Date achieved



Rolling Owner Controlled Insurance Program (ROCIP)

Presentation to the Finance & Budget Committee

November 17, 2020
Tanya DeLeon, Risk Manager



Purpose

- Provide ROCIP 5 update as it relates to Workers Compensation, General Liability and Excess Liability insurance premium for the term of November 15, 2020 to November 15, 2023



Overview

An Owner Controlled Insurance Program - OCIP is an insurance program where a project owner provides and maintains insurance coverages to protect the owner, design builders, prime contractors and subcontractors working on identified projects; OCIP's are typically used on large construction projects involving multiple contractors and subcontractors.

OCIPs provide an opportunity to achieve:

- 💧 Strengthened construction risk management, risk reduction, alternative insurance program
- 💧 Multiple interest coverage using master insurance policies
 - Allows for multiple insureds to be bundled (or wrapped up) into one combined and controlled program
- 💧 Mutually identified insurance coverage including higher limits
- 💧 Uniform insurance claims handling, loss prevention and safety
- 💧 Joint defense, limited cross-liability and coordinated post-loss management

A “Rolling” OCIP (ROCIP) covers a long-term capital improvement program or similar group of separate projects



Carrier Selection

- Aon approached multiple worldwide insurers to procure competitive options for ROCIP 5 Primary Workers Compensation, General and Excess Liability
- Qualified Bidders submitted unbundled proposals for each line of insurance.
 - Despite the difficult commercial insurance marketplace, two capable primary coverage insurers provided premium indications: Chubb and Zurich.
 - Excess liability marketplace has become expensive and capacity has diminished, but the recommended limits and acceptable pricing parameters are available from qualified insurers
 - ROCIP 5 Insurance policy costs are projected at \$9.4 million, and include:
 - Primary Workers Compensation and General Liability
 - Excess General Liability



Program Costs ~ Aon ROCIP 5 Market Status

Actual ROCIP costs are slightly less than Board-authorized amounts

(\$ millions)	ROCIP 3 Completed	ROCIP 4 In Progress	ROCIP 5 Forecast 10/20 - 10/25	ROCIP 5 Market Indications 10/20 - 10/26	ROCIP 5 Market Quotations 11/20 - 11/23
Construction Value	\$1,191		\$1,300	\$521.00	\$521
Contractor Payroll	\$220	\$230	\$234	\$92.60	\$92.6
Broker Administration				\$0.90	\$0.9
Safety Oversight				\$1.70	\$1.7
Total Insurance Premium (1)				\$10.60	\$9.4
Total	\$16.1	\$17.1	\$19.1	\$13.20	\$12.0
Insurance Claims Paid and Reserved	<u>\$8.8</u>	<u>\$6.2</u>	<u>\$8.2</u>	<u>\$5.80</u>	\$5.8
ROCIP Total	\$24.90	\$23.6	\$27.6	\$19.00	\$17.8
Contractors Insurance Cost	\$30.6	\$29.4	\$33.8	-\$19.30	\$19.3
Verified/ Estimated Avoided Insurance Cost	\$5.7	\$5.8	\$6.2	\$0.03	\$1.5
(1) Approved NTE \$10.6			Forecast results are unavailable from the current commercial marketplace		

As of 11/06/2020



Next Steps

- Finalize negotiations and evaluations, complete and bind within Not To Exceed amount
- Commence ROCIP 5



**APPENDIX
DC WATER'S ROCIP PROGRAM**

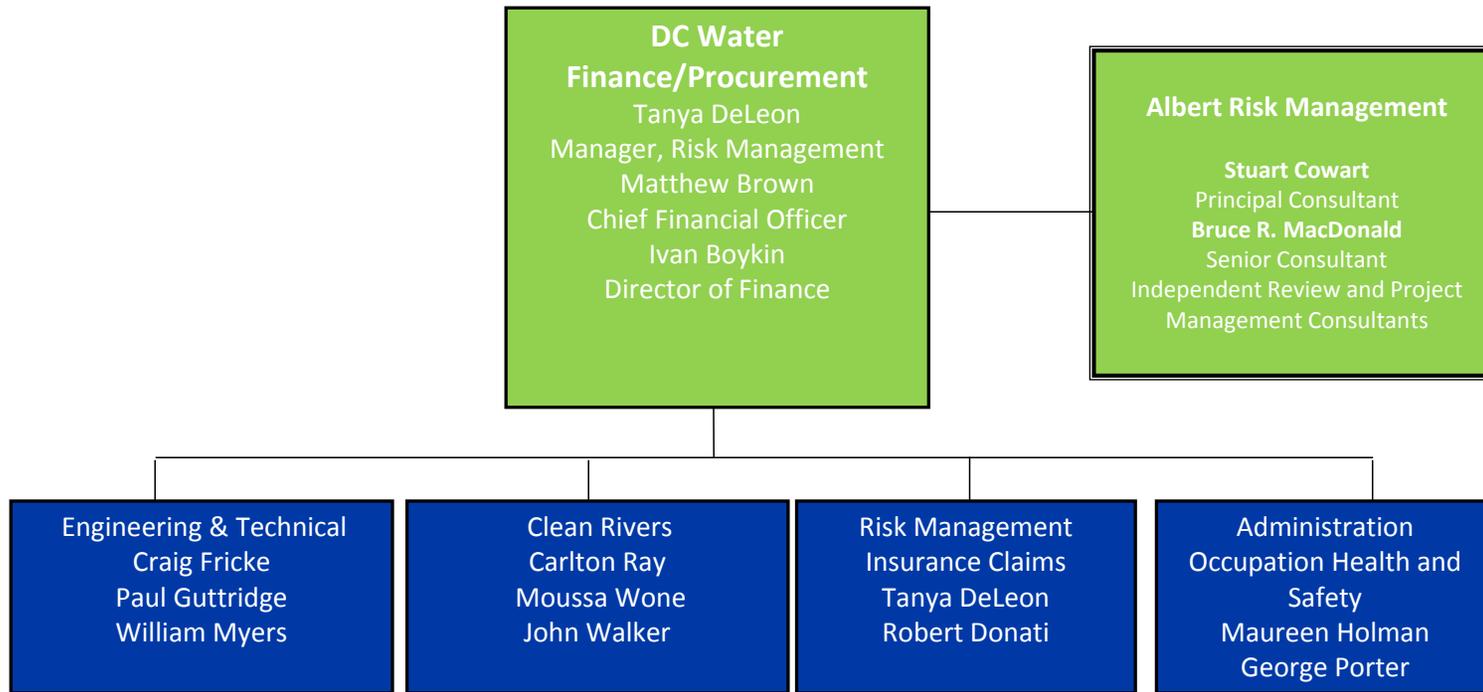


Other Entities Utilizing OCIPs

- 💧 Citizen's Energy Group
- 💧 Metropolitan Washington Airports Authority
- 💧 Maryland Transit
- 💧 MGM Resorts International®
- 💧 New Jersey Schools Development Authority
- 💧 New Jersey Turnpike Authority
- 💧 New York School Construction Authority
- 💧 Pennsylvania Turnpike Commission
- 💧 Utah Department of Transportation
- 💧 Silicon Valley Clean Water
- 💧 State of Maryland
- 💧 Tarrant Regional Water District
- 💧 University of Texas Systems
- 💧 Verizon



DC Water ROCIP Team





DC Water Financial Resilience

Presentation to the Finance and Budget Committee
November 17, 2020

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY





Purpose

- Discuss DC Water's current financial policies
 - Their impact on DC Water's financial resilience and strength
 - Ability to help keep retail rates low through lower borrowing costs



Strong Financial Position

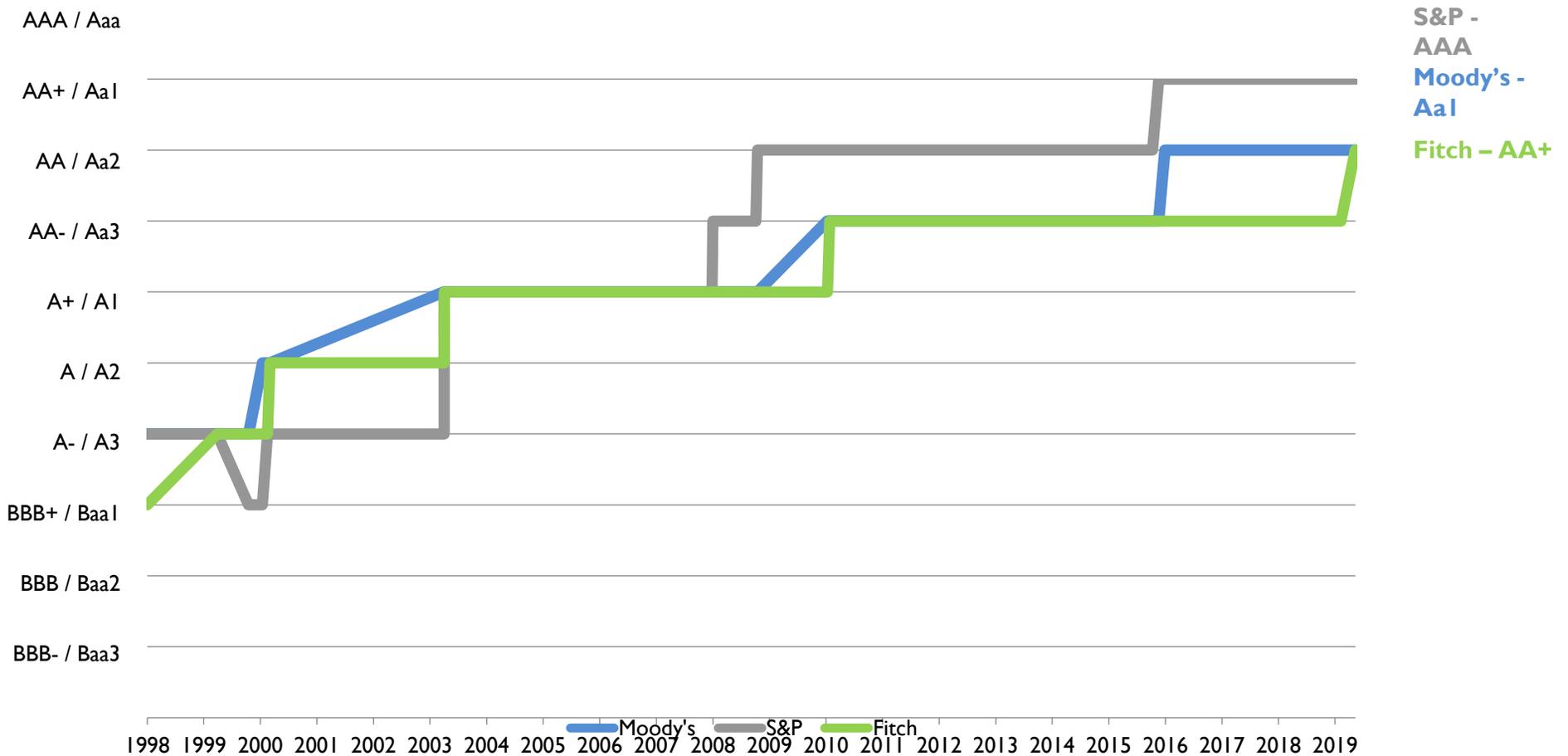
- DC Water's strong finances result in:
 - Financial resilience
 - DC Water maintains reserves for unexpected situations
 - COVID has reduced consumption, commercial consumption alone is down 29%
 - Reserves also provide sufficient for cash flow purposes
 - Ability of the Board to offer new one-time assistance programs
 - Lower borrowing costs
 - DC Water will borrow \$2.4 billion over the next ten years to make infrastructure improvements
 - Our AAA rating allows DC Water to borrow at lower interest rates, which result in lower retail rates for our customers



Senior Lien Credit Rating History

- As DC Water’s finances strengthened, credit ratings improved

Senior Lien Ratings History (1998 – Present)





Financial Metrics of Select Peer Group

- DC Water's financial metrics compare favorably with select peers
- DC Water maintains 250 days of cash; in this comparison of peers, only Dallas maintains fewer days of cash

Selected Peer	Type	Moody's Rating (Senior)	S&P Rating (Senior)	Total Operating Revenues (\$000s)	Total Annual Debt Service (\$000s)	Debt Ratio	Long Term Debt (\$000s)	Total Debt Service Coverage	DS as a % of Total Operating Revenues	Days Cash on Hand	Average Bill as % of Median Effective Buying Income
Atlanta, GA	Water & Sewer	Aa2	AA-	486,285	213,856	45.6%	2,924,317	1.9x	44.0%	1,364	4.1%
Charlotte, NC	Water & Sewer	Aaa	AAA	378,019	132,439	40.9%	1,527,327	1.8x	35.0%	864	2.0%
Dallas, TX	Water & Sewer	Aa1	AAA	632,469	182,000	46.7%	2,605,865	2.1x	28.8%	225	1.8% ¹
DC Water	Water & Sewer	Aa1	AAA	624,447	169,346	62.8%	3,224,567	1.9x	27.1%	259	1.6%
Louisville MSD, KY	Sewer	Aa3	AA	273,907	137,857	61.9%	1,865,260	1.4x	50.3%	220	1.3% ¹
Metro St. Louis Sewer District, MO	Sewer	Aa1	AAA	333,470	69,328	40.4%	1,351,437	2.4x	20.8%	623	1.2% ¹
NE Ohio Regional Sewer District	Sewer	Aa1	AA+	343,880	110,603	50.4%	1,546,085	1.9x	32.2%	754	2.3%
NYC Water	Water & Sewer	Aa1	AAA	3,828,715	821,000	97.8%	31,266,750	3.1x	21.4%	382	2.2%
San Antonio, TX	Water & Sewer	Aa1	AA+	678,110	173,005	46.0%	2,811,870	2.1x	25.5%	440	1.7%



Financial Metrics

- DC Water management maintains more stringent financial targets than the Indenture and Board policies
- These metrics are reflected in Board-approved annual Financial Plans
- Rating agencies have recognized the financial results achieved by achieving these metrics with upgrades

Metrics	Indenture Requirement	Board Policy	Management Target
Days of Cash on Hand	—	\$125.5 million or 120 Days	250 Days
Combined Coverage Ratio	—	—	1.6X
Senior Coverage	1.2X	1.4X	—
Subordinate Coverage	1.0X	1.0X	—
Debt Service as a % of Revenue	—	—	33% of Revenue or Less
Rate Stabilization Fund	—	—	10% of Revenue



Current Financial Policies

DC Water Board Resolution #13-57 Statement of Financial Policies

- Maintain operating reserves of 120 days or \$125.5 million
- Renewal and Replacement Reserve
- Senior Debt Service Coverage of 1.40x
- One-time cash infusion
 - Capital financing/repay higher cost debt
- Use least costly types of financing
- Match assets to liability

DC Water Board Resolution #11-22 Pay As You Go Policy

- Any cash financing of capital projects
- 'Excess cash' is any cash balance greater than needed or its use restricted to meet DC Water's financial policy requirements

DC Water Board Resolution #10-76 Rate Stabilization Fund Policy

- 10-year financial plan provides transfers out of RSF with Board approval
- Authority's annual financial performance determines transfers into RSF with Board approval



Value of Robust Credit Ratings

- Current credit ratings provide significant value given size and scope of new money capital plan as well as debt refinancing opportunities

Rating	Yield Differential vs. AAA Rating	Individual Bond Sale (\$200 million)			Aggregate Debt Issuance for Capital Program (\$2 billion)		
		Annual Cost Differential (\$200 million)	Total Cost Differential (Through Maturity)	PV at 4%	Annual Cost (\$2 billion)	Total Cost Differential (Through Maturity)	PV at 4% (\$200MM Issued Annually, 10 Yrs)
AAA	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AA+	0.10%	200,000	4,000,000	2,708,463	2,000,000	40,000,000	19,071,322
AA	0.20%	400,000	8,000,000	5,416,927	4,000,000	80,000,000	38,142,644
AA-	0.30%	600,000	12,000,000	8,125,390	6,000,000	120,000,000	57,213,966
A+	0.40%	800,000	16,000,000	10,833,853	8,000,000	160,000,000	76,285,288
A	0.50%	1,000,000	20,000,000	13,542,316	10,000,000	200,000,000	95,356,610
A-	0.60%	1,200,000	24,000,000	16,250,780	12,000,000	240,000,000	114,427,932

Note: for demonstrative purposes only. Assumes 20-year average credit spreads as of November 2018. Each \$200 million issue assumed structured as a 20-year bullet maturity at par.



Rating Agency Viewpoint

Summary of Rating Agency Views		
Moody's Investors Service	Standard & Poor's	Fitch Ratings
Aa1 (Sr.) / Aa2 (Sub.) / P-1 (Short-term) Stable Outlook	AAA (Sr.) / AA+ (Sub.) / A-1+ (Short-term) Stable Outlook	AA+ (Sr.) / AA (Sub.) / F1+ (Short-term) Stable Outlook
Strengths		
<ul style="list-style-type: none"> Large service area bolstered by considerable wealth and institutional presence Excellent rate management record Liquidity is solid, and indenture requirements and board policies will protect the authority's cash position in the future Strong financial metrics because the utility has consistently raised rates to ensure good debt service coverage No unfunded pension or OPEB liability 	<ul style="list-style-type: none"> Robust service area that includes highly rated entities in D.C., Maryland, and Virginia Strong financial management, including conservative financial forecasts and a detailed CIP Governing board's strong demonstrated willingness to adjust rates View that the management team remains committed to balancing environmental stewardship and a socially responsible agenda with ongoing financial commitments Liquidity and reserves that include high levels of unrestricted cash and investments and designated reserves for various contingencies 	<ul style="list-style-type: none"> Essential service provider to a large and economically diverse territory with an affluent customer base Affordable user charges and demonstrated ability / willingness to raise rates, which is done independently of outside oversight Rate structure aligned towards greater fixed cost recovery Strong financial margins and healthy liquidity Projections include rate increases sufficient for stable debt service coverage metrics
Challenges		
<ul style="list-style-type: none"> Heavy capital needs, in part from regulatory mandates Need for further rate increases to support substantial capital plan with falling consumption 	<ul style="list-style-type: none"> Downward pressure could come from a precipitous collapse in financial performance, a change in the way the federal government pays the Authority, or prolonged interruption in operations 	<ul style="list-style-type: none"> Near-term capital needs are substantial Rating stability depends on the ability and willingness to adjust and structure rates to maintain financial results in line with historical results and accommodate rising debt



Days of Cash



Days of Cash

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates – Government Finance Officers Association

- DC Water has maintained at least 250 days of cash since FY2015
 - This includes reserves and the Rate Stabilization Fund
- These reserves provide liquidity in the event of unexpected expenses or revenue interruptions or losses



DC Water Reserves

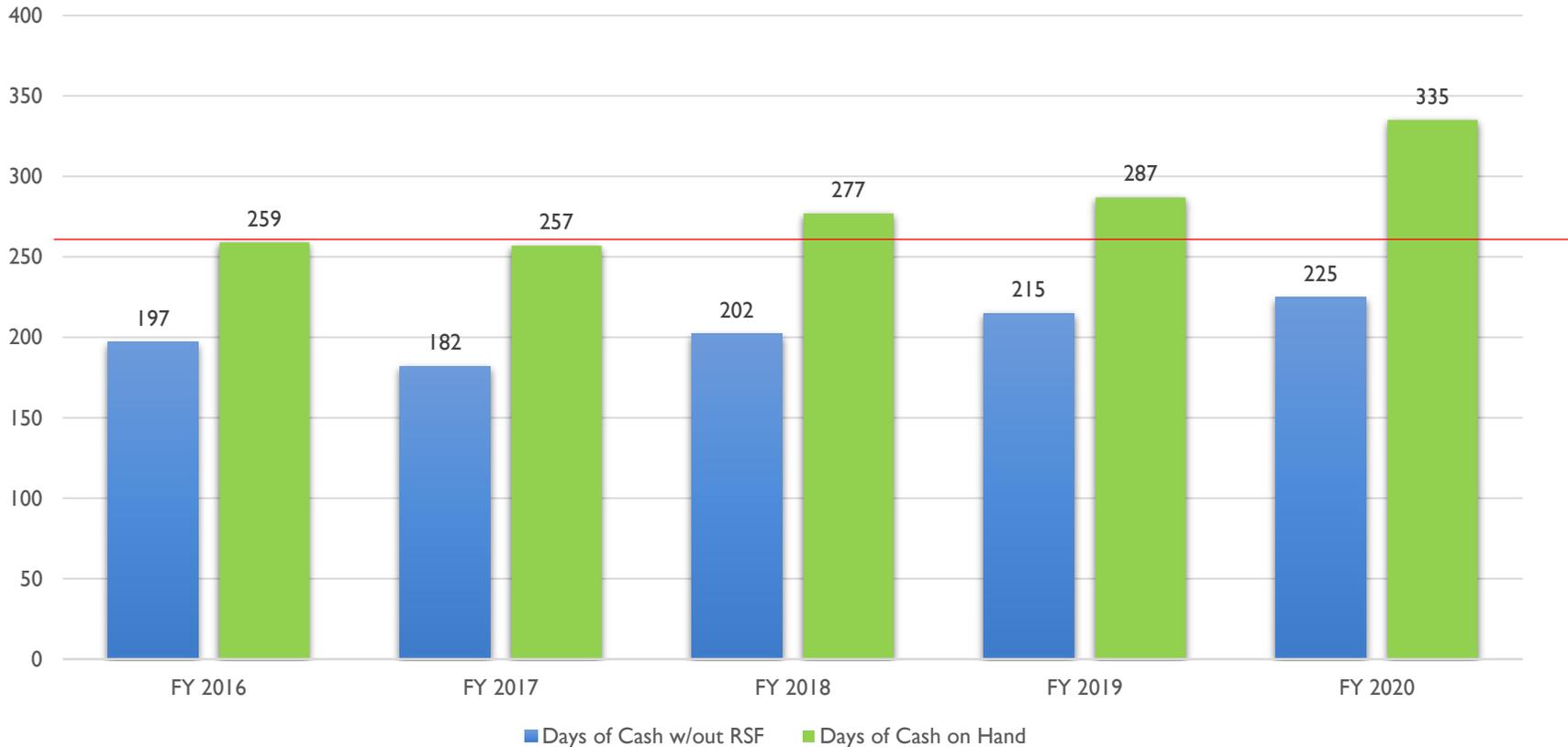
💧 DC Water had \$278.1 million in reserves at the end of FY2020:

O&M Reserves		FY2020 Description
O&M Reserve per Indenture	\$54.3	60 days O&M for previous year
Renewal and Replacement Fund	\$35.0	\$35.0 million
<u>Undesignated Reserve Balance</u>	<u>\$36.2</u>	
<i>Undesignated Reserves</i>	<i>\$125.5</i>	<i>\$125.5 million or 120 days of cash</i>
Rate Stabilization Fund	\$90.2	\$77.2 million, after Board-directed withdrawals in FY21 and FY22
DC Insurance Reserve	\$1.0	District requirement for worker's compensation
Project Billing Refunds	\$15.0	
Excess Reserves	\$46.3	Excess amount through final cash balance



Historical Days of Cash

- In FY2020, DC Water maintained 225 Days of Cash outside of the Rate Stabilization Fund
- The Rate Stabilization Fund has a balance is \$90.2 million, of which \$78.2 million is currently unallocated by the Board
- About \$21.6 million of the Rate Stabilization Fund is needed to maintain 250 days of cash





Days of Cash and the RSF

Pro forma for 250 days of cash at \$208.5m (\$21.6m from RSF)





Debt Service Coverage



Debt Service Coverage

- Debt service coverage is a measurement of cash flow available to pay debt service
- Calculated by taking net revenues (revenue less operating expenditures) and dividing by debt service costs
- These funds are used by the capital program as PAYGO
 - PAYGO, or using cash for capital expenditures, reduces borrowing for the infrastructure renewal program
- DC Water management targets at least 1.6x coverage
 - If coverage were to be reduced, more of the capital program would be financed
 - In FY2020 debt service costs were \$199.1 million, 28.2% of revenues



Debt Service as a Percent of Revenues



Debt Service as a Percent of Revenue

- In FY2020 debt service costs were \$199.1 million, 28.2% of revenues
- Capping the percentage of revenues that DC Water will spend on debt service helps ensure that going forward DC Water maintains flexibility to confront new challenges



Rate Stabilization Fund



RSF Policy

The purpose of the RSF is to help mitigate rate spikes and allow smoothing of annual rate increases – **DC Water Rate Stabilization Fund Policy, Board Resolution #10-76**

- Held in a separate account and invested consistent with cash management policies
- Managed in a manner consistent with maintaining the highest bond ratings possible
- Financial Plan will include planned utilization of over the 10-year period
- Transfers determined annually based on financial performance and at other times as determined by the Board



Use of One-Time Revenue



One-Time Revenues

In general, DC Water will utilize operating cash reserves in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing or for repayment of higher cost debt – **DC Water Board Resolution #13-57**

...a government should adopt a formal policy calling for structural balance of the budget. The policy should call for the budget to be structurally balanced, where recurring revenues equal or exceed recurring expenditures – **Government Finance Officers Association**

- **Examples of DC Water's one-time revenues:**
 - Year-end surpluses
 - Reserves, including the Rate Stabilization Fund



Discussion



Policies

- 💧 Days of Cash, consideration of Rate Stabilization Fund
- 💧 Coverage
- 💧 Debt service as a percentage of revenues
- 💧 Use of non-recurring (one-time) revenues



Next Steps

- Committee discussion, feedback, and direction



Appendix

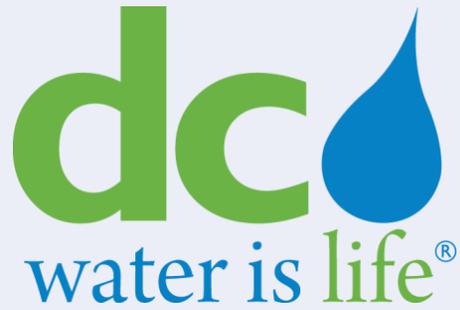


Timeline for Days of Cash and Upgrades

Below is a timeline of DC Water’s upgrades and changes in cash

Ratings Upgrade Date	Rating Agency	Cash Balance as of 9/30	RSF Balance as of 9/30	Days of Cash as of 9/30	Rating Before	Rating After
February 2016	Moody’s	\$162.7M	\$51.5M	259	Aa	Aa1
April 2016	S&P	\$162.7M	\$51.5M	259	AA+	AAA
September 2019	Fitch	\$186.8M	\$61.5M	287	AA	AA+

RSF balance was included in the year end cash balance



ATTACHMENT 5



WIFIA Loan Transaction Update to Finance & Budget Committee

November 17, 2020

PFM Financial Advisors LLC

4350 N. Fairfax Drive
Suite 580
Arlington, VA 22203

703.741.0175
pfm.com



WIFIA Loan Summary & Highlights

- ◆ The Water Infrastructure Finance and Innovation Act (“WIFIA”) program provides financial assistance for water infrastructure projects, including projects to build and upgrade wastewater and drinking water treatment systems
- ◆ Program is administered by the EPA and provides low-cost loans at a fixed interest rate equal to the Treasury rate for a comparable maturity plus 0.01%
- ◆ DC Water submitted an initial indication of interest in 2018 and formal application in 2019, which has been approved by the EPA
- ◆ Loan is expected to provide funding for 49% of the cost of a bundle of twenty CIP projects related to DC Water infrastructure repair, rehabilitation, and replacement over seven years
- ◆ DC Water has spent several months negotiating terms with EPA and their counsel, and is now ready to move forward with loan execution, subject to Board approval
- ◆ Pursuant to Authorizing Resolution, DC Water Board will be asked to approve several documents related to the financing plan described in the presentation:
 - 28th Supplemental Indenture
 - WIFIA Loan Agreement



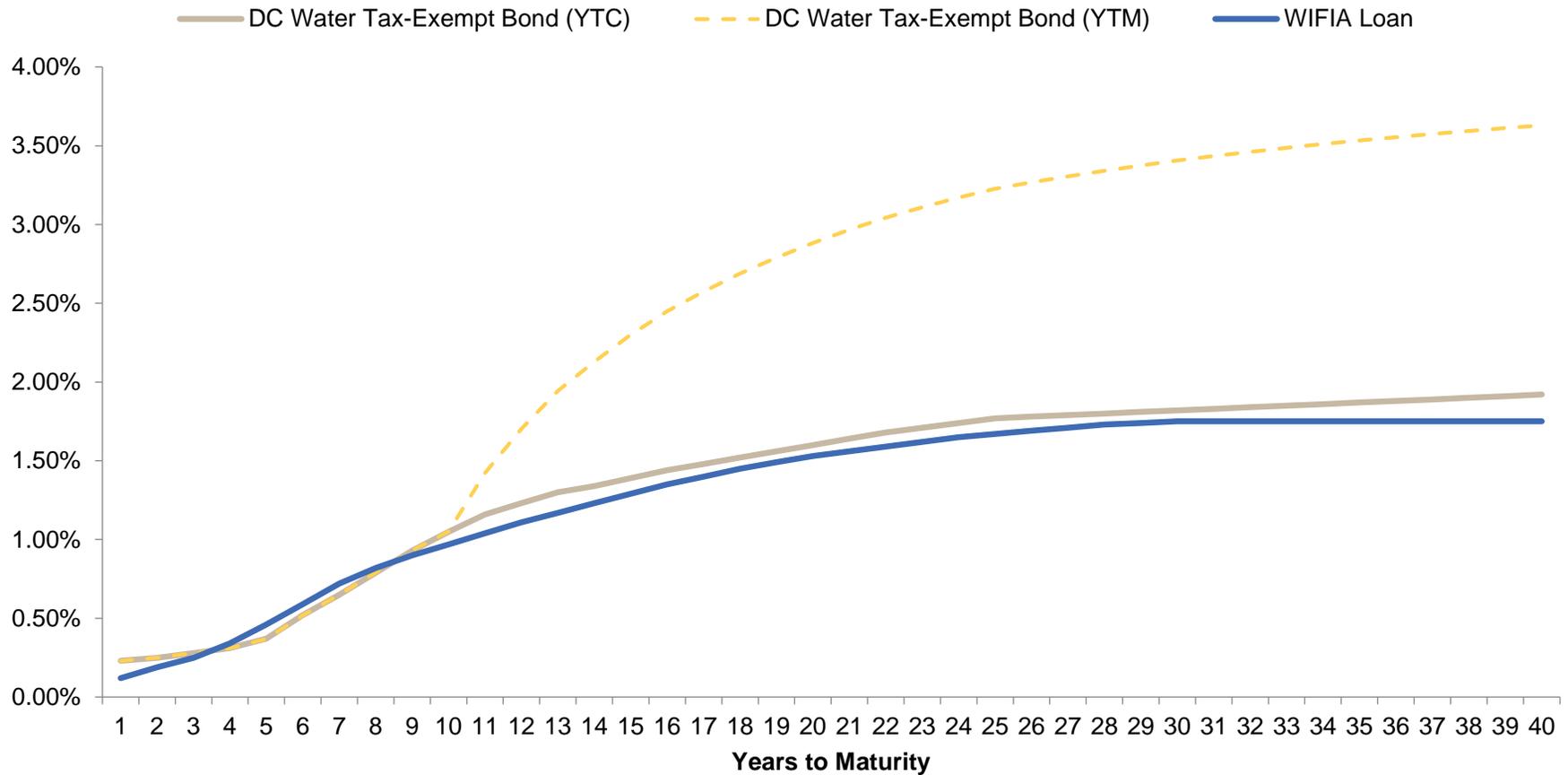
Benefits of WIFIA Program for DC Water

- ◆ Low cost of capital based on UST rates that is particularly advantageous for longer-dated maturities (expected rate of 1.75% as of 11/11/2020)
- ◆ Rate lock feature
 - Ability to lock rate at financial close for draws that will occur in the future, reducing interest rate risk
 - DC Water is not required to draw and retains ability to issue bonds instead if interest rates fall or it becomes advantageous for other reasons
- ◆ Draw flexibility
 - Ability to draw funds over time and therefore accrue interest based on actual spending, instead of upfront borrowing that incurs negative arbitrage
- ◆ Flexible prepayment provisions
- ◆ Upfront costs are expected to be comparable to a standard DC Water bond issue
 - Costs of EPA credit review and legal and financial advisors are borne by DC Water, with EPA estimating costs for funded loans of between \$400,000 - \$700,000
 - Additional costs are similar to avoided bond underwriting costs that would otherwise be incurred



WIFIA – Yield Comparison vs. Tax-Exempt Fixed-Rate Debt

◆ WIFIA loan rate is based on **weighted average life of debt**



Note: Rates as of November 11, 2020. WIFIA loan is purchased with a par coupon, whereas tax-exempt bonds assume a 5% coupon.
Source: TM3 and US Department of the Treasury.



Summary of Key Terms

Key Terms	
Financing Term	Description
Project	Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program, which consists of a total of 20 sub-projects contained within DC Water CIP
Anticipated Project Costs	~\$318 million ¹
Loan Amount	~\$156 million (49% of reasonably anticipated eligible Project costs) ¹
Lien priority	Senior
Interest Rate	SLGS rate with a maturity that is closest to the weighted average loan life of the WIFIA credit assistance plus 0.01% (1.75% as of 11/11/2020)
Debt Service Reserve Requirement	None
Debt Service Payment Commencement Date	October 1, 2020 ¹
Final Maturity	October 1, 2060 ¹
Prepayment	In whole or in part without penalty at any time (subject to notice and limitations on frequency and minimum amount)
Ratings	2 required
Development Default	Triggered if DC Water abandons work on the Project or fails to achieve Substantial Completion
Limitation on Variable Rate Debt	Limited to 25% of outstanding DC Water debt (calculated net of available cash)



Preliminary WIFIA Plan of Finance¹

Overview

- Senior Lien WIFIA Loan will provide funding for a portion of DC Water’s comprehensive infrastructure repair, rehabilitation, and replacement program
- Interest rate applicable to all future draws becomes locked upon financial close at the comparable US Treasury yield plus 0.01% (1.75% as of November 11)
- No obligation to make future draws
- Level debt service payments beginning in 2028 through 2060
- Interest payments on drawn amounts anticipated to begin on October 1, 2021

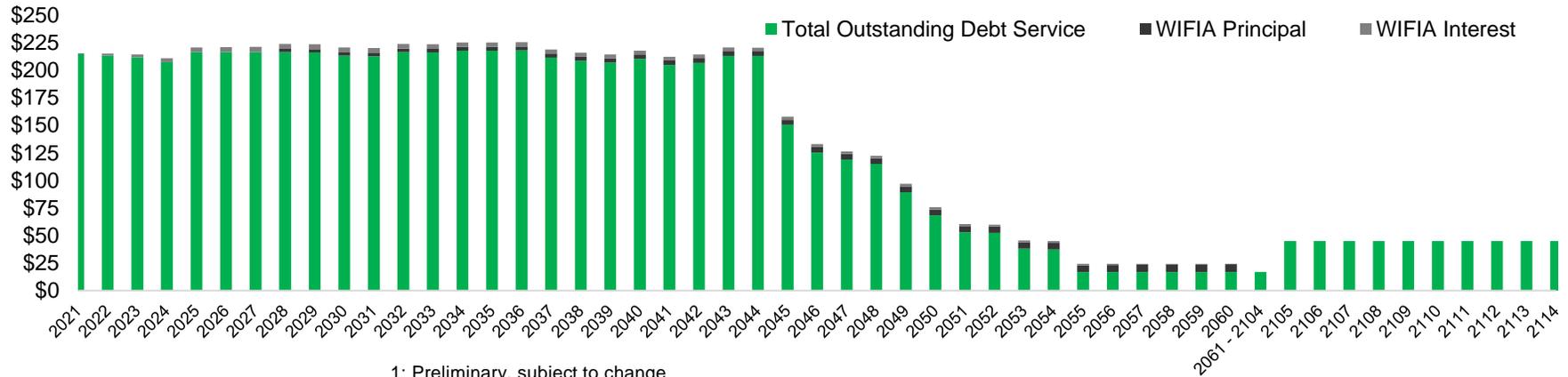
Draw Schedule (\$000)

Fiscal Year	Est. Draw Schedule
2021	31,000
2022	30,000
2023	30,000
2024	30,000
2025	19,490
2026	7,977
2027	7,900
Total	156,367

Sources & Uses (\$000)

WIFIA Loan	
Sources	
WIFIA Loan	\$ 156,367
Total Sources	\$ 156,367
Uses	
WIFIA Projects	\$155,367
DC Water COI	500
EPA COI	500
Total Uses	\$ 156,367

Pro-Forma Aggregate Debt Service Profile (\$000)^{2,3,4}



1: Preliminary, subject to change
 2: Outstanding Subordinate Debt is calculated excluding the impact of the direct payment of the federal BABs subsidy related to the Series 2010 A Bonds
 3: Sources: DC Water’s records and most recent financial statements. Includes drawn amounts of Commercial Paper and EMCP amortized at an assumed rate of 3.25% over 20 years and 30 years, respectively
 4: Includes effects of Series 2022A Forward Direct Purchase between D.C. Water and J.P. Morgan which is expected to close on 7/5/2022
 * As of October 1, 2020



Preliminary Financing Schedule Highlights

- ◆ **November 17, 2020** – Request Finance & Budget Committee review and recommendation for approval of WIFIA Loan transaction
- ◆ **December 3, 2020** – Request Board approval of WIFIA Loan transaction
- ◆ **Week of December 14, 2020** – Receive credit ratings
- ◆ **Mid-Late December 2020** – EPA environmental review expected to be completed
- ◆ **Mid-Late December 2020** – WIFIA Loan rate lock and financial close

Presented and Adopted: December 3, 2020
 Subject: Authorizing the WIFIA Loan Agreement and
 the Sale and Setting Terms and Details
 of the Series 2020 Senior Lien Bond

#20-____
 RESOLUTION
 OF THE
 BOARD OF DIRECTORS
 OF THE
 DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The members of the Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“Authority”), at the Board meeting held on December 3, 2020, upon consideration of a non-joint use matter, decided by a vote of _____ (____) in favor and _____ (____) opposed, to authorize and approve the WIFIA Loan Agreement (as defined below) including the sale of the Authority’s Public Utility Senior Lien Revenue Bond, Series 2020 (WIFIA) (the “Series 2020 Senior Lien Bond”), on the following terms and details.

WHEREAS, the Authority is authorized pursuant to the *Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996*, as amended, D.C. Code Section 34-2201.01 et seq. (the “WASA Act”), and the *District of Columbia Water and Sewer Authority Act of 1996*, Public Law 104-184; 110 Stat. 1696, to issue revenue bonds for undertakings authorized by the WASA Act, including to finance or refinance any cost, as defined in the WASA Act, D.C. Code Section 34-2202.01(2); and

WHEREAS, in accordance with the WASA Act, the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”) (its predecessors in that capacity having been Norwest Bank Minnesota, N.A. and Wells Fargo Bank Minnesota, N.A.), entered into the Master Indenture of Trust, dated as of April 1, 1998 (the “Master Indenture” and, as supplemented and amended, the “Indenture”), to provide for financing or refinancing the acquisition, construction, operation, maintenance and extension of the System (as defined in the Master Indenture) by the issuance of bonds, notes and other obligations payable solely from Net Revenues (as such terms are defined in the Master Indenture); and

WHEREAS, the Authority has heretofore entered into twenty-seven (27) supplemental indentures of trust with the Trustee in connection with the issuance of Senior Debt and Subordinate Debt (both as defined in the Indenture) or to amend and clarify the Master Indenture; and

WHEREAS, the Authority now intends to: (i) enter into the WIFIA Loan Agreement; (ii) issue the Series 2020 Senior Lien Bond in accordance with and for the purposes set forth in the WIFIA Loan Agreement; (iii) designate the Series 2020 Senior Lien Bond as a Bond and as Senior Debt for purposes of the Indenture; and (iv) secure the Series 2020 Senior Lien Bond by a pledge of Net Revenues on a parity with the pledge of Net Revenues that

secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, the Finance and Budget Committee met on November 17, 2020, to review the WIFIA Loan Agreement transaction and the issuance of the Series 2020 Senior Lien Bond and has recommended approval of this Resolution by the Board.

NOW, THEREFORE BE IT RESOLVED THAT:

Section 1. Definitions and Interpretations. Unless otherwise defined herein and unless the context indicates otherwise, the capitalized terms used herein and defined in the Indenture (including the Supplemental Indenture as hereby approved) shall have the meanings assigned to them therein. In addition, the following terms used as defined terms in this Resolution shall have the meaning assigned to them in this Section:

“Authorized Officials” means the Chairman and Vice Chairman of the Board and the CEO and General Manager, Chief Financial Officer and Executive Vice President, Finance and Procurement, Controller, Budget Director, Finance Director and Rates and Revenue Director of the Authority, including any of the foregoing who are in an interim, acting or similar capacity; provided, that any official other than the Chairman shall be designated by the Chairman as his designee for the purpose of executing and delivering any document authorized hereunder.

“Certificate of Sale Terms” means the certificate of an Authorized Official specifying terms of the Series 2020 Senior Lien Bond, as provided for in Section 5 of this Resolution.

“Debt Service Payment Commencement Date” has the meaning provided in the WIFIA Loan Agreement.

“Interest Payment Dates” means for the Series 2020 Senior Lien Bond, each April 1 and October 1, commencing on the Debt Service Payment Commencement Date, and thereafter during the time the Series 2020 Senior Lien Bond is Outstanding.

“Supplemental Indenture” means the Twenty-Eighth Supplemental Indenture of Trust by and between the Authority and the Trustee, dated as of the same date as, and relating to, the Series 2020 Senior Lien Bond.

“WIFIA Lender” means the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency.

“WIFIA Loan Agreement” means the WIFIA Loan Agreement between the Authority and the WIFIA Lender to be dated no later than June 30, 2021.

“WIFIA Project” has the meaning provided to the term “Project” in the WIFIA Loan Agreement.

Any reference to the Authority or the Board, or to their members or officers, or to other public officers, boards, commissions, departments, institutions, agencies, bodies or entities, shall include those who or which succeed to their functions, duties or responsibilities by operation of law and also those who or which at the time may legally act in their place.

Section 2. Authorization, Designation and Purposes of Series 2020 Senior Lien Bond. The Authority is authorized to (a) enter into the WIFIA Loan Agreement relating to the Series 2020 Senior Lien Bond and pay any fees, costs and expenses relating thereto; and (b) issue, sell and deliver, as provided in this Resolution, the Certificate of Sale Terms and the WIFIA Loan Agreement, the bond, in the principal amount not to exceed One Hundred Sixty Million Dollars (\$160,000,000), which shall be designated "Public Utility Senior Lien Revenue Bond, Series 2020," or such other designation as approved by an Authorized Official, and shall constitute a Bond and Senior Debt under the Indenture, for the following purposes: (i) financing certain Costs of the System (specifically, the costs of the WIFIA Project); and (ii) paying issuance costs of the Series 2020 Senior Lien Bond. The proceeds from the sale of the Series 2020 Senior Lien Bond shall be allocated and deposited for those purposes and as provided in the Supplemental Indenture.

Section 3. Terms and Provisions Applicable to the Series 2020 Senior Lien Bond.

(a) **Form, Transfer and Exchange.** The Series 2020 Senior Lien Bond: (i) shall be substantially in the form attached as an exhibit to the Supplemental Indenture; and (ii) shall not be transferable or exchangeable except as provided in the Supplemental Indenture.

(b) **Date.** The Series 2020 Senior Lien Bond shall be dated as of the date of its issuance and delivery. There shall be a single Series 2020 Senior Lien Bond.

(c) **Principal Maturities.** The principal of the Series 2020 Senior Lien Bond shall be paid in such amounts on each mandatory principal amortization date as set forth in in the WIFIA Loan Agreement.

(d) **Interest Rate and Interest Rate Periods for the Series 2020 Senior Lien Bond.** The Series 2020 Senior Lien Bond shall bear interest on its unpaid principal amount payable on each Interest Payment Date, commencing on the Debt Service Payment Commencement Date, at such fixed rate per annum as specified in the Certificate of Sale Terms and the WIFIA Loan Agreement; provided, however, that the interest rate shall not exceed three percent (3.00%) per annum.

(e) **Optional Redemption.** The Series 2020 Senior Lien Bond shall be subject to redemption at par prior to its stated maturity, at the option of the Authority, on any date from any source of available funds, in accordance with the WIFIA Loan Agreement.

(f) **Redemption Provisions.** Redemption of the Series 2020 Senior Lien Bond shall be effected in accordance with Article IV of the Master Indenture, Article III of the Supplemental Indenture and the WIFIA Loan Agreement.

(g) Places and Manner of Payment. The principal of and the interest and any redemption premium on the Series 2020 Senior Lien Bond shall be payable at the places and in the manner specified in the Supplemental Indenture, in accordance with the WIFIA Loan Agreement.

(h) Execution. The Authorized Officials are, and each of them is, authorized and directed to execute the Series 2020 Senior Lien Bond, and the Secretary of the Board is authorized and directed to affix the seal of the Authority to the Series 2020 Senior Lien Bond and to deliver it to the Trustee for authentication in accordance with the Indenture.

Section 4. Sale of Series 2020 Senior Lien Bond.

(a) General. The Series 2020 Senior Lien Bond shall be sold to the WIFIA Lender in accordance with the WIFIA Loan Agreement.

(b) WIFIA Loan Agreement. The Authorized Officials are, and each of them is, authorized and directed to execute and deliver the WIFIA Loan Agreement, substantially in the form presented to this Authority, but with such changes not inconsistent with the Indenture and this Resolution and not substantially adverse to the Authority as may be approved by the Authorized Official executing the same on behalf of the Authority. The approval of any such changes by such Authorized Official and the determination by such Authorized Official that no such change is substantially adverse to the Authority shall be conclusively evidenced by the execution of the WIFIA Loan Agreement by such Authorized Official. The price for and terms of the Series 2020 Senior Lien Bond and the sale thereof, all as provided in this Resolution, the Certificate of Sale Terms, the WIFIA Loan Agreement, and the Supplemental Indenture, are hereby approved and determined to be in the best interests of the Authority.

(c) Certificates. The Authorized Officials are, and each of them is, authorized and directed, in their official capacities, to execute and deliver to the WIFIA Lender the certificates, documents and instruments required by the WIFIA Loan Agreement to be executed on behalf of the Authority.

(d) Delivery of the Series 2020 Senior Lien Bond. The Authorized Officials are, and each of them is, authorized and directed to make the necessary arrangements with the WIFIA Lender to establish the date, location, procedure and conditions for the delivery of the Series 2020 Senior Lien Bond to the WIFIA Lender. The Authorized Officials are, and each of them is, further authorized and directed to make the necessary arrangements for the printing of the Series 2020 Senior Lien Bond, and the execution, authentication and delivery of the Series 2020 Senior Lien Bond, in accordance with this Resolution and the Indenture, and upon the receipt of payment of the purchase price, to cause such amount to be applied in accordance with the terms and provisions of this Resolution and the Indenture.

Section 5. Certificate of Sale Terms. The Certificate of Sale Terms, subject to the restrictions set forth herein, shall state the aggregate principal amount and the interest

rate of the Series 2020 Senior Lien Bond. The Certificate of Sale Terms shall be executed by an Authorized Official.

Section 6. Allocation of Proceeds of the Series 2020 Senior Lien Bond. The proceeds from the sale of the Series 2020 Senior Lien Bond shall be allocated, deposited and credited for the purposes approved in this Resolution and as specified in the Supplemental Indenture.

Section 7. Supplemental Indenture and Other Documents. The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2020 Senior Lien Bond, to execute, acknowledge and deliver in the name of and on behalf of the Authority, the Supplemental Indenture, substantially in the form thereof submitted to the Authority at or prior to this meeting, but with such changes therein as may be permitted by the Indenture and this Resolution and approved by the Authorized Officer executing the document on behalf of the Authority. The approval of those changes shall be conclusively evidenced by the execution of the document by an Authorized Official.

The Authorized Officials and any other member, officer or employee of the Authority are each authorized to execute and deliver, on behalf of the Authority, such other certificates, documents and instruments related to the Series 2020 Senior Lien Bond as are necessary in connection with the transactions authorized in this Resolution, and to do all other things required of them or the Authority pursuant to the WIFIA Loan Agreement, the Indenture, the Supplemental Indenture and this Resolution.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board nor any officer of the Authority executing the Series 2020 Senior Lien Bond shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Resolution or the Indenture or any other document authorized by this Resolution, provided such member, officer, employee, agent or advisor acts in good faith.

Section 8. General. The appropriate officers and employees of the Authority will do all things necessary and proper to implement and carry out the orders and agreements set forth or approved in this Resolution for the proper fulfillment of the purposes thereof. The Authority shall furnish to the WIFIA Lender a true and certified transcript of all proceedings relating to the authorization of the WIFIA Loan Agreement and the authorization and issuance of the Series 2020 Senior Lien Bond along with other information as is necessary or proper with respect to the Series 2020 Senior Lien Bond.

This Resolution is effective immediately.

Secretary to the Board of Directors

ATTACHMENT 7
SPB DRAFT: 11/10/2020

TWENTY-EIGHTH SUPPLEMENTAL INDENTURE OF TRUST

between

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION
AS TRUSTEE**

Dated [December __, 2020]

THIS TWENTY-EIGHTH SUPPLEMENTAL INDENTURE OF TRUST dated the ____ day of [December, 2020] (as defined in more detail below, the “**Twenty-Eighth Supplemental Indenture**”), by and between the District of Columbia Water and Sewer Authority (the “**Authority**”), an independent authority of the District of Columbia (the “**District**”), and Wells Fargo Bank, National Association, a national banking association, having a corporate trust office in Philadelphia, Pennsylvania, as trustee (in such capacity, together with any successor in such capacity, herein called the “**Trustee**”), provides:

WHEREAS, the Authority and the Trustee (its predecessor in that capacity having been Norwest Bank, N.A.) entered into the Master Indenture of Trust, dated as of April 1, 1998 (the “**Master Indenture**” and, as previously supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture all as hereinafter defined, and as it may further be supplemented and amended in accordance with its terms, the “**Indenture**”), to provide for financing or refinancing the acquisition, construction, operation, maintenance and extension of the System (as defined in the Master Indenture) by the issuance of bonds, notes and other obligations payable solely from Net Revenues (as defined in the Master Indenture); and

WHEREAS, pursuant to the First Supplemental Indenture of Trust, dated as of April 1, 1998 (the “**First Supplemental Indenture**”), between the Authority and the Trustee, the Authority issued its Public Utility Revenue Bonds, Series 1998 (the “**Series 1998 Senior Lien Bonds**”) in the aggregate principal amount of \$266,120,000, to finance Costs of the System (as defined in the Master Indenture) and to refund then outstanding debt of the Authority; and

WHEREAS, the Master Indenture permits the Authority, for certain purposes and subject to certain conditions, to issue Other System Indebtedness (as defined therein) secured on a parity with the Series 1998 Senior Lien Bonds and referred to collectively with the Series 1998 Senior Lien Bonds as “Senior Debt,” and also permits the Authority to issue Subordinate Debt (as defined therein), to which it has pledged to its payment Net Revenues, as a subordinate lien pledge after the pledge of Net Revenues to Senior Debt; and

WHEREAS, pursuant to the Second Supplemental Indenture of Trust, dated as of November 1, 2001 (the “**Second Supplemental Indenture**”), between the Authority and the Trustee, the Authority amended and supplemented the Master Indenture in accordance with its terms to clarify provisions thereof related to certain forms of Indebtedness (as defined in the Master Indenture, i.e., Senior Debt and Subordinate Debt) and thereby facilitate the issuance of such forms of Indebtedness; and

WHEREAS, pursuant to the Third Supplemental Indenture of Trust, dated as of November 1, 2001 (the “**Third Supplemental Indenture**”), between the Authority and the Trustee, the Authority (i) issued its Commercial Paper Notes defined therein as the Series A-B Notes (the “**Series 2001A-B Notes**”), (ii) designated the Series A-B Notes as Subordinate Debt for purposes of the Indenture, and (iii) made provision for the securing of the Series A-B Notes and of the Reimbursement Obligations to the Bank that provided the Letters of Credit (all as defined therein) that secure the Series A-B Notes; and

WHEREAS, pursuant to the Fourth Supplemental Indenture of Trust, dated August 12, 2003 (the “**Fourth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Bonds, Series 2003, dated August 12, 2003 (the “**Series 2003 Subordinated Bonds**”), in the aggregate principal amount of \$176,220,000 to finance certain Costs of the System and retire the Series 2001A-B Notes (ii) designated the Series 2003 Subordinated Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2003 Subordinated Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Fifth Supplemental Indenture of Trust, dated August 3, 2004 (the “**Fifth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Bonds, Series 2004, as Subseries 2004A-1, Subseries 2004A-2, Subseries 2004B-1 and Subseries B-2 (collectively, the “**Series 2004 Subordinated Bonds**”) in the aggregate principal amount of \$295,000,000 to finance certain Costs of the System, (ii) designated the Series 2004 Subordinated Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2004 Subordinated Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Sixth Supplemental Indenture of Trust, dated June 6, 2007 (the “**Sixth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Bonds, Series 2007A (the “**Series 2007A Subordinated Bonds**”), in the aggregate principal amount of \$218,715,000 to finance certain Costs of the System and retire the Series 2001A-B Notes, (ii) designated the Series 2007A Subordinated Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2007A Subordinated Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Seventh Supplemental Indenture of Trust, dated June 6, 2007 (the “**Seventh Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Taxable Revenue Bonds, Series 2007B (the “**Series 2007B Subordinated Bonds**”), in the aggregate principal amount of \$59,000,000 to finance certain Costs of the System, (ii) designated the Series 2007B Subordinated Bonds as

Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2007B Subordinated Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Eighth Supplemental Indenture of Trust, dated April 24, 2008 (the “**Eighth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2008 (the “**Series 2008 Subordinated Bonds**”), in the aggregate principal amount of \$290,375,000 to (a) currently refund all of the outstanding Series 2004 Subordinated Bonds and a portion of the Series 2007B Subordinated Bonds, and (b) pay issuance costs of the Series 2008 Subordinated Bonds, (ii) designated the Series 2008 Subordinated Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2008 Subordinated Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Ninth Supplemental Indenture of Trust, dated December 19, 2008 (the “**Ninth Supplemental Indenture**”), between the Authority and the Trustee, the Authority agreed to confer on the Holders of the Series 2003 Subordinated Bonds additional rights related to the Reserve Credit Facility (as defined therein) and to cure any ambiguity or omission in the Indenture regarding the obligations of the Authority as a consequence of a downgrade of the Reserve Policy related to the Series 2003 Subordinated Bonds, or in the event that the Reserve Policy were to cease to be in effect; and

WHEREAS, pursuant to the Tenth Supplemental Indenture of Trust, dated February 12, 2009 (the “**Tenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2009A (the “**Series 2009A Senior Lien Bonds**”), in the aggregate principal amount of \$300,000,000 to finance certain Costs of the System and retire Series 2001A-B Notes, (ii) designated the Series 2009A Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (iii) secured the Series 2009A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Eleventh Supplemental Indenture of Trust, dated June 2, 2010, as supplemented and amended by the First Amendment to Eleventh Supplemental Indenture of Trust, dated April 5, 2013, and by the Second Amendment to Eleventh Supplemental Indenture of Trust, dated May 18, 2015 (together, the “**Eleventh Supplemental Indenture**”), each between the Authority and the Trustee, the Authority: (i) authorized the issuance of its (a) Commercial Paper Notes, Series A (the “**2010 Series A Notes**”) in the aggregate principal amount of \$0 to finance certain Costs of the System, (b) Commercial Paper Notes, Series B (the “**2010 Series B Notes**”) in the aggregate principal amount of \$100,000,000 to finance certain Costs of the System, and (c) Commercial Paper Notes, Series C (the “**2010 Series C Notes**”) and, together with the 2010 Series A Notes and the 2010 Series B Note, the

“**Series 2010 Notes**”) in the aggregate principal amount of \$50,000,000 to finance certain Costs of the System, (ii) designated the Series 2010 Notes as Subordinate Debt for purposes of the Indenture, and (iii) made provision for the securing of the Series 2010 Notes and of the Authority’s reimbursement obligations to the Bank (as defined in the Eleventh Supplemental Indenture) that provided the Substitute Letters of Credit (as defined in the Eleventh Supplemental Indenture) that secure the Series 2010 Notes; and

WHEREAS, pursuant to the Twelfth Supplemental Indenture of Trust, dated October 27, 2010 (the “**Twelfth Supplemental Indenture**”), between the Authority and the Trustee, the Authority (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2010A (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “**Series 2010A Subordinated Bonds**”) in the aggregate principal amount of \$300,000,000 to finance certain Costs of the System and fund capitalized interest on a portion of the Series 2010A Subordinate Bonds, subject to specified limitations, (ii) designated the Series 2010A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, (iii) secured the Series 2010A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, and (iv) included provisions in the Indenture related to potential Direct Payments (as defined therein) received or expected to be received by the Authority, including certain provisions requiring the consent of the holders of a majority of Outstanding Bonds; and

WHEREAS, pursuant to the Thirteenth Supplemental Indenture of Trust, dated March 22, 2012 (the “**Thirteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i)(a) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2012A (the “**Series 2012A Subordinate Bonds**”) in the aggregate principal of \$177,430,000 to finance certain Costs of the System and pay certain costs of issuance, (b) designated the Series 2012A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secured the Series 2012A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, (ii)(a) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2012B (the “**Series 2012B Subordinate Bonds**”) in the aggregate principal amount of \$100,000,000 to finance certain Costs of the System, fund capitalized interest on a portion of the Series 2012B Subordinate Bonds subject to specified limitations, and pay certain costs of issuance, (b) designated the Series 2012B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secured the Series 2012B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, and (iii)(a) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2012C (the “**Series 2012C Subordinate Bonds**”) in the aggregate principal amount of \$163,215,000, and applied the proceeds thereof, together with any other funds of the Authority, to advance refund the Series 2003 Subordinated Bonds and caused them to be deemed paid and no longer Outstanding for purposes of the Indenture, and paid certain costs of issuance, (b) designated the Series 2012C Subordinate Bonds as Subordinate

Debt for purposes of the Indenture, and (c) secured the Series 2012C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Fourteenth Supplemental Indenture of Trust, dated as of August 1, 2013 (the “**Fourteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2013A in the aggregate principal amount of \$300,000,000 (the “**Series 2013A Subordinate Bonds**”) to finance certain Costs of the System and pay certain costs of issuance, (ii) designated the Series 2013A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2013A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Fifteenth Supplemental Indenture of Trust, dated July 23, 2014 (the “**Fifteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2014A (Federally Taxable) (Green Bonds) in the aggregate principal amount of \$350,000,000 (the “**Series 2014A Senior Lien Bonds**”) to finance certain Costs of the System and pay certain costs of issuance, (ii) designated the Series 2014A Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (iii) secured the Series 2014A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Sixteenth Supplemental Indenture of Trust, dated July 23, 2014 (the “**Sixteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2014B, in the aggregate principal amount of \$100,000,000 (the “**Series 2014B Subordinate Bonds**”) to finance certain Costs of the System and pay certain costs of issuance, (ii) designated the Series 2014B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2014B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Seventeenth Supplemental Indenture of Trust, dated November 20, 2014 (the “**Seventeenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014C, in the aggregate principal amount of \$377,700,000 (the “**Series 2014C Subordinate Bonds**”) to (a) advance refund all or a portion of the Authority’s outstanding Series 2007A Subordinated Bonds, the Series 2008A Subordinated Bonds, and the Series 2009A Senior Lien Bonds, and current refund all of the Authority’s outstanding Subseries 2012B-1 of the Series 2012 Subordinate Bonds, and (b) pay issuance costs of the Series 2014C Subordinate

Bonds, (ii) designated the Series 2014C Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2014C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Eighteenth Supplemental Indenture of Trust, dated October 15, 2015 (the “**Eighteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2015A in the aggregate principal amount of \$100,000,000 (the “**Series 2015A Subordinate Bonds**”) to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2015A Subordinate Bonds, (ii) designated the Series 2015A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, (iii) secured the Series 2015A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, (iv) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2015B in an aggregate principal amount of \$250,000,000 (the “**Series 2015B Subordinate Bonds**” and, together with the Series 2015A Subordinate Bonds, the “**Series 2015A/B Subordinate Bonds**”) to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2015B Subordinate Bonds, (v) designated the Series 2015B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (vi) secured the Series 2015B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Nineteenth Supplemental Indenture of Trust, dated December 1, 2015 (the “**Nineteenth Supplemental Indenture**”) between the Trustee and the Authority, the Authority authorized (i) the issuance of its Extendable Municipal Commercial Paper Notes, Series A (the “**Series A EMCP Notes**”) in the aggregate principal amount of not to exceed \$100,000,000 outstanding at any time to finance certain Costs of the System, (ii) designated the Series A EMCP Notes as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series A EMCP Notes by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twentieth Supplemental Indenture of Trust, dated February 24, 2016 (the “**Twentieth Supplemental Indenture**”) between the Trustee and the Authority, the Authority (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2016A in the aggregate principal amount of \$389,110,000 (the “**Series 2016A Subordinate Bonds**”) to (a) refund all or a portion of the Authority’s outstanding Series 2007A Subordinated Bonds, Series 2008A Subordinated Bonds, and Series 2009A Senior Lien Bonds, and (b) pay issuance costs of the Series 2016A Subordinate Bonds, (ii) designated the Series 2016A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured

the Series 2016A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-First Supplemental Indenture of Trust, dated September 29, 2016 (the “**Twenty-First Supplemental Indenture**”) between the Trustee and the Authority, the Authority (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2016B (Environmental Impact Bonds) in the aggregate principal amount of \$25,000,000 (the “**Series 2016B Subordinate Bonds**”) to (a) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project); and (b) pay certain costs of issuance, (ii) designated the Series 2016B Subordinate Bonds as Subordinate Debt, as Variable Rate Indebtedness and as Tender Indebtedness for purposes of the Indenture, and (iii) secured the Series 2016B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Second Supplemental Indenture of Trust, dated February 23, 2017 (the “**Twenty-Second Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2017A in the aggregate principal amount of \$100,000,000 (the “**Series 2017A Senior Lien Bonds**”) to (a) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (b) pay issuance costs of the Series 2017A Senior Lien Bonds, (ii) designated the Series 2017A Senior Lien Bonds as Senior Debt for purposes of the Indenture, (iii) secured the Series 2017A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future, (iv) issued its Public Utility Senior Lien Revenue Bonds, Series 2017B in an aggregate principal amount of \$200,000,000 (the “**Series 2017B Senior Lien Bonds**” and, together with the Series 2017A Senior Lien Bonds, the “**Series 2017A/B Senior Lien Bonds**”) to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2017B Senior Lien Bonds, (v) designated the Series 2017B Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (vi) secured the Series 2017B Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Third Supplemental Indenture of Trust, dated April 30, 2018 (the “**Twenty-Third Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2018A in the aggregate principal amount of \$100,000,000 (the “**Series 2018A Senior Lien Bonds**”) to (a) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (b) pay issuance costs of the Series 2018A Senior Lien Bonds, (ii) designated the Series 2018A Senior Lien Bonds as Senior Debt for purposes of the Indenture, (iii) secured the Series 2018A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without

limitation, other Senior Debt that the Authority may issue from time to time in the future, (iv) issued its Public Utility Senior Lien Revenue Bonds, Series 2018B in an aggregate principal amount of \$200,000,000 (the “**Series 2018B Senior Lien Bonds**” and, together with the Series 2018A Senior Lien Bonds, the “**Series 2018A/B Senior Lien Bonds**”) to (a) finance certain Costs of the System, (b) pay issuance costs of the Series 2018B Senior Lien Bonds and (c) refund all of the Authority’s then outstanding Commercial Paper Notes, Series B, (v) designated the Series 2018B Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (vi) secured the Series 2018B Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Fourth Supplemental Indenture of Trust, dated November 6, 2019 (the “Twenty-Fourth Supplemental Indenture”), between the Authority and the Trustee, the Authority: (i)(a) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2019A (Green Bonds) (the “**Series 2019A Subordinate Bonds**”) in the aggregate principal amount of \$104,010,000 to (1) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (2) pay issuance costs of the Series 2019A Subordinate Bonds, (b) designated the Series 2019A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, and (ii)(a) issued its Public Utility Subordinate Revenue Bonds, Series 2019B (the “**Series 2019B Subordinate Bonds**” and, together with the Series 2019A Subordinate Bonds, the “**Series 2019A/B Subordinate Bonds**”) in an aggregate principal amount of \$58,320,000 to (1) finance certain Costs of the System, and (2) pay issuance costs of the Series 2019B Subordinate Bonds, (b) designated the Series 2019B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Fifth Supplemental Indenture of Trust, dated November 6, 2019 (the “Twenty-Fifth Supplemental Indenture”), between the Authority and the Trustee, the Authority: (a) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2019C (the “**Series 2019C Subordinate Bonds**”) in the aggregate principal amount of \$99,505,000 to (1) finance certain Costs of the System, and (2) pay issuance costs of the Series 2019C Subordinate Bonds, (b) designated the Series 2019C Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Sixth Supplemental Indenture of Trust, dated November 6, 2019 (the “Twenty-Sixth Supplemental Indenture”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2019D (Federally Taxable) (the “**Series 2019D Subordinate Bonds**”) in the aggregate principal amount of \$343,160,000 to (a) refund all or a portion of the Authority’s outstanding Series 2013A Subordinated Bonds, and (b) pay issuance costs of the Series 2019D Subordinate Bonds, (ii) designated the Series 2019D Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019D Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Seventh Supplemental Indenture of Trust, dated April 8, 2020 (the “**Twenty-Seventh Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) entered into the 2020 Term Loan Agreement in connection with the Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022 (the “**Series 2022A Subordinate Lien Refunding Bonds**”), (ii) issued its Series 2022A Subordinate Lien Refunding Bonds in the aggregate principal amount of \$294,305,000 to (a)(I) refund all of its outstanding Series 2012A Subordinate Bonds and Series 2012C Subordinate Bonds; and (II) pay certain costs of issuance, (iii) designated the Series 2022A Subordinate Lien Refunding Bonds as Subordinate Debt for purposes of the Indenture, and (iv) secured the Series 2022A Subordinate Lien Refunding Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, the Authority now intends to: (i) enter into the 2020 WIFIA Loan Agreement (as defined herein) in connection with the Series 2020 Senior Lien Bond (as defined herein); (ii) issue its Public Utility Senior Lien Revenue Bonds, Series 2020 (the “**Series 2020 Senior Lien Bond**”) in the aggregate principal amount of not to exceed \$XXX,XXX,XXX to (1) finance certain Costs of the System (specifically, the costs of the 2020 WIFIA Project as defined herein), and (2) pay issuance costs of the Series 2020 Senior Lien Bond, (iii) designate the Series 2020 Senior Lien Bond as Senior Debt for purposes of the Indenture, and (iv) secure the Series 2020 Senior Lien Bond by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree, as follows:

ARTICLE I
TWENTY-EIGHTH SUPPLEMENTAL INDENTURE

Section 101. Authorization of Twenty-Eighth Supplemental Indenture.

This Twenty-Eighth Supplemental Indenture is authorized and executed by the Authority and delivered to the Trustee pursuant to and in accordance with Articles III and X of the Master Indenture. All terms, covenants, conditions and agreements of the Indenture shall apply with full force and effect to the Series 2020 Senior Lien Bond as Senior Debt and to the Holders thereof as Holders of Senior Debt, except as otherwise provided in this Twenty-Eighth Supplemental Indenture.

Section 102. Definitions.

Except as otherwise defined in this Twenty-Eighth Supplemental Indenture, capitalized words and terms defined in the Master Indenture as amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture are used in this Twenty-Eighth Supplemental Indenture with the meanings assigned to them therein. In addition, the following words as used in this Twenty-Eighth Supplemental Indenture have the following meanings unless the context or use clearly indicates another or different intent or meaning:

“2020 WIFIA Loan” has the meaning provided to the term “WIFIA Loan” in the 2020 WIFIA Loan Agreement.

“2020 WIFIA Loan Agreement” means that certain WIFIA Loan Agreement between the Authority and the WIFIA Lender dated the date hereof, with respect to the WIFIA Lender’s making of the 2020 WIFIA Loan to the Authority.

“2020 WIFIA Project” has the meaning provided to the term “Project” in the 2020 WIFIA Loan Agreement.

“Authorized Denominations” means denominations of \$1,000,000 or any integral multiple of \$1.00 in excess thereof.

“Debt Service Payment Commencement Date” has the meaning provided in the 2020 WIFIA Loan Agreement.

“Interest Payment Dates” for the Series 2020 Senior Lien Bond means each April 1 and October 1 commencing on the Debt Service Payment Commencement Date, and thereafter during the time the Series 2020 Senior Lien Bond is outstanding.

“Series 2020 Construction Account” means the Series 2020 Construction Account established by this Twenty-Eighth Supplemental Indenture in the Construction Fund.

“Series 2020 Costs of Issuance Subaccount” means the Series 2020 Costs of Issuance Subaccount established by this Twenty-Eighth Supplemental Indenture in the Series 2020 Construction Account of the Construction Fund.

“Series 2020 Resolution” means Resolution No. 20-__, adopted by the Authority’s Board of Directors on December 3, 2020, authorizing the Series 2020 Senior Lien Bond and the 2020 WIFIA Loan Agreement.

“Series 2020 Senior Bondholder” or “holder of Series 2020 Senior Lien Bond” means the registered owner of a Series 2020 Senior Lien Bond. The WIFIA Lender is the Series 2020 Senior Bondholder as of the date hereof.

“Series 2020 Senior Lien Bond Interest Subaccount” means the Series 2020 Senior Lien Bond Interest Subaccount established by this Twenty-Eighth Supplemental Indenture in the Interest Account in the Bond Fund.

“Series 2020 Senior Lien Bond Principal Subaccount” means the Series 2020 Senior Lien Bond Principal Subaccount established by this Twenty-Eighth Supplemental Indenture in the Principal Account in the Bond Fund.

“Series 2020 Senior Debt Service Reserve Requirement” means zero.

“Twenty-Eighth Supplemental Indenture” means this Twenty-Eighth Supplemental Indenture of Trust, dated December __, 2020, between the Authority and the Trustee, which supplements and amends the Master Indenture, as previously supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture.

“WIFIA Lender” means the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency.

Section 103. Reference to Articles and Sections.

Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Twenty-Eighth Supplemental Indenture.

**ARTICLE II
AUTHORIZATION, DETAILS AND FORM
OF SERIES 2020 SENIOR LIEN BOND**

Section 201. Authorization of Series 2020 Senior Lien Bond.

Pursuant to Article III of the Master Indenture and, specifically, Section 303 thereof, and the Series 2020 Resolution, the Authority is authorized to issue the Series 2020 Senior Lien Bond in an aggregate principal amount of not to exceed \$XXX,XXX,XXX, for the purpose of (a) financing certain Costs of the System (specifically, the costs of the 2020 WIFIA Project), and (b) paying issuance costs of the Series 2020 Senior Lien Bond. The Series 2020 Senior Lien Bond shall be issued as Senior Debt pursuant to the Indenture.

Section 202. Details of Series 2020 Senior Lien Bond

The Series 2020 Senior Lien Bond shall be designated “Public Utility Senior Lien Revenue Bonds, Series 2020”, shall be dated [December __, 2020], shall be issuable only as fully registered bonds in denominations of \$1,000,000 and multiples of \$1.00 in excess thereof, shall be numbered RA-1 upward and shall bear interest [the rate], payable semiannually on the Interest Payment Dates, until final payment or maturity, and shall mature on April 1 and October 1 in years and amounts, as set forth in the Schedule of Payments to the Series 2020 Senior Lien Bond and Exhibit F to the WIFIA Loan Agreement.

Each Series 2020 Senior Lien Bond shall bear interest in accordance with the 2020 WIFIA Loan Agreement from the date of the initial disbursement of 2020 WIFIA Loan proceeds pursuant to the 2020 WIFIA Loan Agreement. The interest payable on the Series 2020 Senior Lien Bond will be computed on the basis of a 360-day year of twelve 30-day months.

Principal of and premium, if any, on the Series 2020 Senior Lien Bond shall be payable to the registered owners thereof in a method as described in, and in accordance with, the 2020 WIFIA Loan Agreement. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

Section 203. Form of Bonds.

The Series 2020 Senior Lien Bond shall be in substantially the forms set forth in **Exhibit A**, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture.

Section 204. RESERVED

Section 205. Delivery of Series 2020 Senior Lien Bond.

The Trustee shall authenticate and deliver the Series 2020 Senior Lien Bond when there have been filed with or delivered to it the following items:

- (i) An executed counterpart of this Twenty-Eighth Supplemental Indenture;
- (ii) A certified copy of applicable resolution(s) of the Board of Directors of the Authority and related Certificate of Award: (a) authorizing the execution and delivery of this Twenty-Eighth Supplemental Indenture, and (b) authorizing the issuance, sale, award, execution and delivery of the Series 2020 Senior Lien Bond;
- (iii) An executed 2020 WIFIA Loan Agreement in the form of Exhibit B;
- (iv) A certificate signed by an Authorized Representative of the Authority and dated the date of such issuance, to the effect that:
 - (a) Either: (1) upon and immediately following such issuance, no Event of Default has occurred which has not been cured or waived, and no event or condition exists which, with the giving of notice or lapse of time or both, would become an Event of Default, or (2) if any such event or condition is happening or existing, specifying such event or condition, stating that the Authority will act with due diligence to correct such event or condition after the issuance of the Series 2020 Senior Lien Bond, and describing in reasonable detail the actions to be taken by the Authority toward such correction; and
 - (b) All required approvals, limitations, conditions and provisions precedent to the issuance of the Series 2020 Senior Lien Bond have been obtained, observed, met and satisfied.
- (v) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, substantially to the effect that this Twenty-Eighth Supplemental Indenture has been duly authorized, executed and delivered to the Trustee, is a valid, binding and enforceable obligation of the Authority, and complies in all respects with the requirements of the Indenture.
- (vi) An opinion or opinions of Bond Counsel, subject to customary exceptions and qualifications, substantially to the effect that the issuance of the Series 2020 Senior Lien Bond has been duly authorized, and that the Series 2020 Senior Lien Bond is valid and binding limited obligations of the Authority.
- (vii) A certificate of an Authorized Representative of the Authority, stating that rates, fees and charges are in effect or scheduled to go into effect to meet the Rate Covenant immediately after the issuance of the Series 2020 Senior Lien Bond.
- (viii) A request and authorization of the Authority, signed by an Authorized Representative of the Authority, to the Trustee to authenticate and deliver the Series 2020 Senior

Lien Bond to the purchaser upon payment to the Trustee in immediately available funds for the account of the Authority of a specified sum.

**ARTICLE III
REDEMPTION OF SERIES 2020 SENIOR LIEN BOND**

Section 301. Redemption Dates and Prices.

The Series 2020 Senior Lien Bond may not be called for redemption by the Authority except as provided below:

Optional Redemption.

The Series 2020 Senior Lien Bond is subject to redemption prior to maturity at the option of the Authority, from any source, in whole or in part (and if in part, in Authorized Denominations) on any Interest Payment Date, but not more than annually, [in inverse order of maturity], at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

Section 302. Notice of Redemption.

Notice of redemption of Series 2020 Senior Lien Bond shall be given in the manner set forth in Section 402 of the Master Indenture; provided, however, that notices of redemption of Series 2020 Senior Lien Bond sent pursuant to Section 402 of the Master Indenture shall be sent only if sufficient money to pay the full redemption price of the Series 2020 Senior Lien Bond to be redeemed is on deposit in the applicable fund or account. Notwithstanding the foregoing and the otherwise applicable requirement of Section 402 of the Master Indenture that the Trustee send notice of a call for redemption not fewer than 30 days prior to the redemption date, the Trustee may send any notice of redemption of Series 2020 Senior Lien Bond not fewer than ten (10) days or more than thirty (30) days prior to the redemption date as described in Section 9(a) of the 2020 WIFIA Loan Agreement.

**ARTICLE IV
APPLICATION OF PROCEEDS OF SERIES 2020 SENIOR LIEN BOND**

Section 401. Application of Proceeds of Series 2020 Senior Lien Bond; Application of Related Amounts.

The net proceeds of the initial draw of the Series 2020 Senior Lien Bond in the amount of \$XXX,XXX,XXX, at the request and direction of the Authority shall be applied as follows:

(i) \$_____ from the net proceeds of the Series 2020 Senior Lien Bond shall be deposited in the Series 2020 Construction Account of the Construction Fund and used to pay the Costs of the System (specifically, the costs of the 2020 WIFIA Project) ; and

(ii) \$_____ from the net proceeds of the Series 2020 Senior Lien Bond shall be deposited in the Series 2020 Costs of Issuance Subaccount of the Series 2020

Construction Account of the Construction Fund and used to pay costs of issuance of the Series 2020 Senior Lien Bond.

The net proceeds of additional draws of the Series 2020 Senior Lien Bond, at the request and direction of the Authority, shall be deposited in the Series 2020 Construction Account of the Construction Fund and used to pay the Costs of the System (specifically, the costs of the 2020 WIFIA Project).

ARTICLE V FUNDS AND ACCOUNTS

Section 501. Series 2020 Construction Account

(i) In the Construction Fund, there shall be established a Series 2020 Construction Account and, within that Account, a Series 2020 Costs of Issuance Subaccount. The portion of the proceeds of the Series 2020 Senior Lien Bond specified in Section 401(ii) shall be deposited in the Series 2020 Costs of Issuance Subaccount and used to pay costs of issuance related to the Series 2020 Senior Lien Bond.

Section 502. Series 2020 Senior Lien Bond Subaccounts in the Interest Account and Principal Account.

(i) Within the Interest Account there shall be established a “Series 2020 Senior Lien Bond Interest Subaccount.” Within the Principal Account there shall be established a “Series 2020 Senior Lien Bond Principal Subaccount.”

(ii) In accordance with Section 604(a)(1) of the Master Indenture, Net Revenues shall be deposited in the Series 2020 Senior Lien Bond Interest Subaccount on or prior to the last Business Day of each of the six months prior to any month in which an Interest Payment Date occurs, in an amount equal to one-sixth (1/6) of the interest due and payable on the Series 2020 Senior Lien Bond on such Interest Payment Date.

(iii) In accordance with Section 604(a)(2) of the Master Indenture, Net Revenues shall be deposited in the Series 2020 Senior Lien Bond Principal Subaccount on or prior to the last Business Day of each of the six months prior to any month in which principal of Series 2020 Senior Lien Bond is payable on their stated maturity date or pursuant to mandatory redemption requirements, in an amount equal to one-sixth (1/6) of the principal amount scheduled to be due and payable on the Series 2020 Senior Lien Bond in such month.

ARTICLE VI SECURITY FOR SERIES 2020 SENIOR LIEN BOND

Section 601. Security for Series 2020 Senior Lien Bond.

The Series 2020 Senior Lien Bond is hereby secured as Senior Debt under the Master Indenture, equally and ratably with any other Senior Debt issued pursuant to Article III of the Master Indenture, without preference, priority or distinction of any Senior Debt over any other Senior Debt, as provided in the Master Indenture, except with respect to any separate Account

relating to a specific series of Senior Debt in the Debt Service Reserve Fund created pursuant to Section 606 of the Master Indenture.

Pursuant to the WASA Act (as defined in the Master Indenture), the Authority hereby includes in this Twenty-Eighth Supplemental Indenture the pledge of the District to the Authority and any holders of its bonds that, except as provided in the WASA Act, the District will not limit or alter rights vested in the Authority to fulfill agreements made with holders of the bonds, or in any way impair the rights and remedies of the holders of the bonds until the bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds are fully met and discharged.

ARTICLE VII DEFAULTS AND REMEDIES

Section 701. Application of Article IX and Other Remedies Provisions of the Master Indenture.

The Series 2020 Senior Lien Bond constitute “Bonds” under the Master Indenture. Accordingly, the provisions of Article IX of the Master Indenture that confer certain rights upon the Holders of Bonds or a specified percentage thereof do apply to the Series 2020 Senior Lien Bond and to the Series 2020 Senior Bondholders. In addition to the events of defaults described in Section 901 of the Master Indenture, the events of defaults described in 17(a) of the 2020 WIFIA Loan Agreement shall apply to the Series 2020 Senior Lien Bond.

Section 702. Rights of Series 2020 Senior Bondholders Upon Occurrence of Events of Default.

In addition to and in furtherance and implementation of the rights that Series 2020 Senior Bondholders have under Article IX of the Master Indenture, Section 17(b) and (c) of the 2020 WIFIA Loan Agreement shall apply to the Series 2020 Senior Lien Bond.

ARTICLE VIII WIFIA LOAN REQUIREMENTS

Section 801. Notices Provision. The Trustee shall promptly deliver to the WIFIA Lender copies of any notice required to be delivered by the Trustee to certain Bondholders pursuant to Section 902 of the Indenture.

Section 802. Pledge of Net Revenues. Any other payment obligations due under the 2020 WIFIA Loan Agreement, other than those that are evidenced by the WIFIA Bond, shall be pledged out of Net Revenues subordinate to the pledge of Net Revenues that secure all Senior Debt and shall be paid subordinate to both Senior Debt and Subordinate Debt.

Section 803. Indemnification. To the extent that the Trustee, pursuant to the Indenture, requires any indemnity from the WIFIA Lender, as Series 2020 Senior Bondholder, the Authority shall provide such indemnity and the Trustee shall not refuse to take any action under

the Indenture on the basis that the Authority is providing such indemnification in lieu of the WIFIA Lender.

ARTICLE IX MISCELLANEOUS

Section 901. Limitation of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Twenty-Eighth Supplemental Indenture or the Series 2020 Senior Lien Bond is intended or shall be construed to give to any person other than the parties hereto and the Series 2020 Senior Bondholders any legal or equitable right, remedy or claim under or in respect to this Twenty-Eighth Supplemental Indenture or any covenants, conditions and agreements herein contained since this Twenty-Eighth Supplemental Indenture and all of the covenants, conditions and agreements hereof are intended to be and are for the sole and exclusive benefit of the parties hereto and the Series 2020 Senior Bondholders as herein provided.

Section 902. Severability.

If any provision of this Twenty-Eighth Supplemental Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof, and this Twenty-Eighth Supplemental Indenture shall be construed and enforced as if such illegal provision had not been contained herein.

Section 903. Successors and Assigns.

This Twenty-Eighth Supplemental Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 904. Limitations on Liability.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Directors of the Authority or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board of Directors of the Authority nor any officer of the Authority executing the Series 2020 Senior Lien Bond shall be liable personally on the Series 2020 Senior Lien Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board of Directors of the Authority or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Twenty-Eighth Supplemental Indenture or the Indenture or any other document authorized by the Indenture, provided such member, officer, employee, agent or advisor acts in good faith.

Section 905. Applicable Law.

This Twenty-Eighth Supplemental Indenture shall be governed by the applicable laws of the District of Columbia.

Section 906. Counterparts.

This Twenty-Eighth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the Authority and the Trustee have caused this Twenty-Eighth Supplemental Indenture to be executed in their respective corporate names as of the date first above written.

**DISTRICT OF COLUMBIA WATER
AND SEWER AUTHORITY**

By _____
Chief Financial Officer and Executive Vice
President, Finance and Procurement

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, AS TRUSTEE**

By _____

Its _____

EXHIBIT A

SERIES 2020 SENIOR LIEN BOND FORM

UNITED STATES OF AMERICA

DISTRICT OF COLUMBIA

WATER AND SEWER AUTHORITY

**PUBLIC UTILITY SENIOR LIEN REVENUE BOND
SERIES 2020**

**Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project
(WIFIA – N18143DC)**

FINAL MATURITY DATE

The earlier of (a) October 1, 2060, or such earlier date as is set forth in an updated Exhibit F to the WIFIA Loan Agreement (as defined below) pursuant to Section 8(e) of the WIFIA Loan Agreement; and (b) the Payment Date (as defined in the WIFIA Loan Agreement) immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date (as defined in the WIFIA Loan Agreement).

INTEREST RATE

[____], subject to the Default Rate (as defined in the WIFIA Loan Agreement)

DATED DATE

[December __, 2020]

REGISTERED OWNER: UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency (THE “WIFIA LENDER”)

MAXIMUM PRINCIPAL AMOUNT: _____

The District of Columbia Water and Sewer Authority (the “Authority”), for value received, hereby promises to pay, solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, (i) the lesser of (a) the Maximum Principal Amount set forth above and (b) the aggregate unpaid principal amount of all disbursements (the “Disbursements”) made by the WIFIA Lender under the WIFIA Loan

Agreement (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement between the Authority and the WIFIA Lender, dated [December __, 2020] (the “WIFIA Loan Agreement”)), to be paid in installments on the dates shown on the Schedule of Payments attached hereto (with each principal payment considered a “maturity” herein), subject to prior redemption as hereinafter provided, and (ii) interest hereon semiannually on each April 1 and October 1, beginning on the Debt Service Payment Commencement Date (as defined in the WIFIA Loan Agreement), at the interest rate set forth above, calculated on the basis of a 360-day year of twelve 30-day months. All principal and interest with respect to this Series 2020 Senior Lien Bond shall be payable in the manner and at the place provided in the WIFIA Loan Agreement. The WIFIA Lender is hereby authorized to modify the Schedule of Payments from time to time to reflect modifications that are made to the Loan Amortization Schedule (as defined in the WIFIA Loan Agreement) included in Exhibit F to the WIFIA Loan Agreement in accordance with the terms of the WIFIA Loan Agreement that reflect the amount of each Disbursement made thereunder and the date and amount of principal or interest paid by the Authority thereunder. Absent manifest error, the WIFIA Lender’s determination of such matters as set forth on the Schedule of Payments shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Authority’s obligations hereunder or under any other WIFIA Loan Document (as defined in the WIFIA Loan Agreement). Interest accrues only on those proceeds of the Disbursements and on capitalized interest added to the principal balance of the WIFIA Loan (as defined in the WIFIA Loan Agreement) in accordance with Section 8(b) of the WIFIA Loan Agreement. Upon final payment, whether pursuant to prior redemption as hereinafter provided, or the provision of the final payment on the Schedule of Payments attached hereto, this Bond shall be deemed canceled.

Interest is payable pursuant to the method described in, and in accordance with, the 2020 WIFIA Loan Agreement. Principal, premium, if any, and interest are payable in lawful money of the United States of America. Capitalized terms which are not defined herein shall have the meanings set forth in the Indenture or, to the extent indicated herein, in the WIFIA Loan Agreement.

This Series 2020 Senior Lien Bond is the single certificate of an issue of a maximum principal amount of \$_____ ([including] [excluding] any interest that is capitalized in accordance with the terms of the 2020 WIFIA Loan Agreement) Public Utility Senior Lien Revenue Bonds, Series 2020 (the “Series 2020 Senior Lien Bond”). The Series 2020 Senior Lien Bond are issued under a Master Indenture of Trust, dated as of April 1, 1998, between the Authority and Wells Fargo Bank, National Association, as trustee, or its successor in trust (the “Trustee”) (the “Master Indenture”), as amended and supplemented by the Twenty-Eighth Supplemental Indenture of Trust, dated [December __, 2020], between the Authority and the Trustee (the “Twenty-Eighth Supplemental Indenture”), and as previously amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth

Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, Twenty-Fourth Supplemental Indenture, Twenty-Fifth Supplemental Indenture, Twenty-Sixth Supplemental Indenture and the Twenty-Seventh Supplemental Indenture, all as defined in the Twenty-Eighth Supplemental Indenture (collectively, the “Indenture”). The Series 2020 Senior Lien Bond is secured under the Indenture as Senior Debt by a pledge of Net Revenues on a parity with the pledge that secures other Senior Debt and senior to the pledge that secures any Subordinate Debt. Reference is hereby made to the Indenture and the 2020 WIFIA Loan Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority and the Trustee, the rights of the holders of the Series 2020 Senior Lien Bond and the terms upon which the Series 2020 Senior Lien Bond are issued and secured.

The Series 2020 Senior Lien Bond and the premium, if any, and the interest thereon are limited obligations of the Authority payable from Net Revenues of the System. The Series 2020 Senior Lien Bond shall be without recourse to the District of Columbia (the “District”). The Series 2020 Senior Lien Bond shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District, shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings.

The Series 2020 Senior Lien Bond is subject to redemption prior to maturity at the option of the Authority on any Interest Payment Date (but not more than annually), from any source, in whole or in part (if in part, only in Authorized Denominations), [in inverse order of maturity], at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

If any of the Series 2020 Senior Lien Bond or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Series 2020 Senior Lien Bond or portions thereof to be redeemed, not fewer than ten (10) calendar days, nor more than thirty (30) calendar days prior to the redemption date, as described in Section 9 of the 2020 WIFIA Loan Agreement. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2020 Senior Lien Bond or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

The registered owner of this Series 2020 Senior Lien Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture and the WIFIA Loan Agreement. Modifications or alterations of the Indenture, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Indenture and the WIFIA Loan Agreement.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Directors of the Authority or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board of Directors of the Authority nor any officer of the Authority executing the Series 2020 Senior Lien Bond shall be liable personally on the Series 2020 Senior Lien Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board of Directors of the Authority or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Series 2020 Senior Lien Bond, the Twenty-Eighth Supplemental Indenture or the Indenture or any other document authorized by the Indenture, provided such member, officer, employee, agent or advisor acts in good faith.

The Series 2020 Senior Lien Bond is issuable as registered bonds. Upon surrender for transfer or exchange of this Series 2020 Senior Lien Bond at the principal corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the Authority shall execute, and the Trustee shall authenticate and deliver in exchange, a new Series 2020 Senior Lien Bond or Series 2020 Senior Lien Bond in the manner and subject to the limitations and conditions provided in the Indenture, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the fifteenth day of the month preceding each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2020 Senior Lien Bond have happened, exist and have been performed.

This Series 2020 Senior Lien Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY has caused this Series 2020 Senior Lien Bond to be executed by the manual or facsimile signatures of the Chairman of the Board of Directors, its seal to be affixed hereto or a facsimile to be printed hereon and attested by the manual or facsimile signature of the Secretary to the Authority, and this Series 2020 Senior Lien Bond to be dated [December __, 2020.]

ATTEST:

Secretary to the Authority

Chairman

[SEAL]

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This Series 2020 Senior Lien Bond is one of the Series 2020 Senior Lien Bond described in the within mentioned Indenture.

Wells Fargo Bank, National Association,
Trustee

By _____
Authorized Signer

SCHEDULE OF PAYMENTS

Date	Principal Amount
-------------	-----------------------------

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

: :
: :
: :
: :

the within Series 2020 Senior Lien Bond and all rights thereunder, hereby irrevocably
constituting _____ and _____ appointing

_____, Attorney, to transfer said Series
2020 Senior Lien Bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed
by an Eligible Guarantor Institution such
as a Commercial Institution such as a
Commercial Bank, Trust Company,
Securities Broker/Dealer, Credit Union, or
Savings Association who is a member of a
medallion program approved by The
Securities Transfer Association, Inc.

NOTICE: The signature above must
correspond with the name of the registered
owner as it appears on the front of this Series
2020 Senior Lien Bond in every particular,
without alteration or enlargement or any
change whatsoever.

EXHIBIT B

FORM OF 2020 WIFIA LOAN AGREEMENT

B-1

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA LOAN AGREEMENT

For Up to \$[____]¹

With

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

For the

**COMPREHENSIVE INFRASTRUCTURE REPAIR,
REHABILITATION AND REPLACEMENT PROGRAM
PROJECT
(WIFIA – N18143DC)**

Dated as of [____], 2020

¹ **Note to Borrower:** To be discussed based upon latest project list and costs and whether DC Water would like to upsize the loan. Please note – the final increased amount (above the invited amount of \$144,420,150) will need to be approved by EPA.

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WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this “**Agreement**”), dated as of [___], 2020, is by and between the **DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**, an independent authority of the District of Columbia created under the laws of the District of Columbia (the “**District**”), with an address at 1385 Canal St. SE, Washington, DC 20003 (the “**Borrower**”), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, as amended by Section 1445 of the Fixing America’s Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and by Section 4201 of America’s Water Infrastructure Act of 2018 (collectively, as the same may be amended from time to time, the “**Act**” or “**WIFIA**”), which is codified as 33 U.S.C. §§ 3901-3914;

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

WHEREAS, the Borrower has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) in a principal amount not to exceed \$[___] (excluding interest that is capitalized in accordance with the terms hereof) to be used to pay a portion of the Eligible Project Costs (as defined herein) related to the Project (as defined herein) pursuant to the application for WIFIA financial assistance dated August 29, 2019 (the “**Application**”);

WHEREAS, as of the date hereof, the Administrator has approved WIFIA financial assistance for the Project to be provided in the form of the WIFIA Loan, subject to the terms and conditions contained herein;

WHEREAS, based on the Application and the representations, warranties and covenants set forth herein, the WIFIA Lender proposes to make funding available to the Borrower through the purchase of the WIFIA Bond (as defined herein) to be issued by the Borrower pursuant to that certain Master Indenture of Trust, dated as of April 1, 1998, between the Borrower and the Trustee (the “**Master Indenture**”), and the WIFIA Supplemental Indenture (as defined herein), upon the terms and conditions set forth herein;

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

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

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

ARTICLE I

Definitions and Interpretation

Section 1. Definitions.

Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 or as otherwise defined in this Agreement. Any term used in this Agreement that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect.

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

“**Additional Bonds**” means any Bonds permitted under Section 15(a) (*Negative Covenants – Indebtedness*) and under the Indenture that are issued after the Effective Date.

“**Additional Obligations**” means Additional Senior Debt and Additional Subordinate Debt.

“**Additional Other System Indebtedness**” means any Other System Indebtedness permitted under Section 15(a) (*Negative Covenants – Indebtedness*) and under the Indenture, which Other System Indebtedness is issued or incurred on or after the Effective Date.

“**Additional Principal Project Contracts**” means (a) any contract, agreement, letter of intent, understanding or instrument listed in Part B of **Schedule 12(n)** (*Principal Project Contracts*) and (b) any other contract, agreement, letter of intent, understanding or instrument entered into by (or on behalf of) the Borrower after the Effective Date with respect to the Project, in the case of this clause (b), (i) pursuant to which the Borrower has payment obligations in excess of \$[___]² in the aggregate or (ii) the termination of which could reasonably be expected to have a Material Adverse Effect, but excluding, in the case of this clause (b), any (A) insurance policies or documents pertaining to the Borrower’s self-insurance program (as applicable), (B) Governmental Approvals and (C) agreements, documents and instruments (1) providing for, governing or evidencing any Permitted Debt and any related Permitted Lien for such Permitted Debt or (2) entered into to consummate any Permitted Investment.

“**Additional Senior Debt**” means Additional Bonds and Additional Other System Indebtedness.

² **Note to Draft:** Under review by EPA Engineering,

“**Additional Subordinate Debt**” means any Subordinate Debt permitted under Section 15(a) (*Negative Covenants – Indebtedness*) and under the Indenture, which Subordinate Debt is issued or incurred on or after the Effective Date.

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

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

“**Annual Debt Service**” has the meaning provided in the Indenture.

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

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

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

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

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

“**Bankruptcy Related Event**” means, with respect to the Borrower, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; (b) the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Payment of Principal and Interest*) and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause

(b), or (viii) take any action for the purpose of effecting any of the foregoing, including seeking approval or legislative enactment by any Governmental Authority to authorize commencement of a voluntary proceeding under any Insolvency Law; (c) (i) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the Liens thereon securing the Senior Debt, or (ii) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of pursuant to a sale or disposition of such Pledged Collateral in lieu of foreclosure; or (d) any receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official shall transfer, pursuant to directions issued by the Obligation Holders, funds on deposit in any of the System Accounts upon the occurrence and during the continuation of an Event of Default under this Agreement or an event of default under the Indenture Documents for application to the prepayment or repayment of any principal amount of the Senior Debt other than in accordance with the provisions of the Indenture.

“**Base Case Financial Model**” means a financial model prepared by the Borrower forecasting the capital costs of the System (including the Project) and the rates, revenues, operating expenses and major maintenance requirements of the System for the current Borrower Fiscal Year and the next ten (10) Borrower Fiscal Years and based upon assumptions and methodology provided by the Borrower and acceptable to the WIFIA Lender as of the Effective Date, which model shall be provided to the WIFIA Lender as a fully functional Microsoft Excel – based financial model or such other format requested by the WIFIA Lender.

“**Bond Counsel**” has the meaning provided in the Indenture.

“**Bondholder**” or “**holders**” of Bonds shall have the meaning provided in the Indenture.

“**Bonds**” has the meaning provided in the Indenture.

“**Bond Fund**” has the meaning provided in the Indenture.

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

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

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

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which offices of the Government or the District are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, Washington, DC or Philadelphia, Pennsylvania.

“**Capitalized Interest Period**” means the period from (and including) the Effective Date to (but excluding) the first day of the initial Payment Period, subject to earlier termination as set forth in Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*).

“**Closing Certificate**” has the meaning provided in Section 11(a)(viii).

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

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

“**Construction Account**” has the meaning provided in the Indenture.

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

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

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

“**Control**” means, when used with respect to any particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership or other ownership interests, by contract or otherwise, and the terms “**Controlling**” and “**Controlled by**” have meanings correlative to the foregoing.

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

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

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

“**Debt Service Reserve Fund**” has the meaning provided in the Indenture.

“Debt Service Payment Commencement Date” means the earliest to occur of either (a) [October 1, 2030]³; (b) if the Capitalized Interest Period ends pursuant to Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*) due to the occurrence of an Event of Default, the first Payment Date immediately following the end of the Capitalized Interest Period; or (c) the Payment Date falling closest to, but not later than, the fifth anniversary of the Substantial Completion Date.

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

“Default Rate” means an interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) two hundred (200) basis points.

“Development Default” means (a) the Borrower abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the Borrower fails to achieve Substantial Completion of the Project by [May 29, 2027].

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

“District MOU relating to the PILOT” has the meaning provided in the Indenture.

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

“Effective Date” means the date of this Agreement.

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

- (a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;
- (b) construction, reconstruction, rehabilitation, and replacement activities;
- (c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to Section 3905(8) of Title 33 of the United States Code), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to Obligations other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

³ **Note to Borrower:** Please provide updated proposed amortization schedule.

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

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

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

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

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

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

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

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

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

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

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

“**Final Maturity Date**” means the earlier of (a) October 1, 2059 (or such earlier date as is set forth in an updated **Exhibit F** (*WIFIA Debt Service*) pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*)); and (b) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.

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

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

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

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

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

“**Hedge Agreement**” has the meaning provided in the Indenture.

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

“**Indenture**” means the Master Indenture as it may from time to time be modified, supplemented or amended by Supplemental Indentures.

“**Indenture Documents**” means the Indenture, each Supplemental Indenture, each agreement, instrument and document relating to the creation or modification of Other System Indebtedness (including the Water Sales Agreement), each Hedge Agreement, each Credit Facility, and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

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

“**Interest Payment Date**” means each April 1 and October 1, commencing on the Debt Service Payment Commencement Date.

“**Interest Rate Swap**” has the meaning provided in the Indenture.

“**Intermunicipal Agreements**” means (a) the Blue Plains Intermunicipal Agreement of 2012, among the Borrower, the District, Fairfax County, Virginia, Montgomery County, Maryland, Prince George’s County, Maryland, and the Washington Suburban Sanitary Commission (together with any derivative agreements thereto) and (b) and any other agreements

between the Borrower and its wholesale customers that provide for such customers to fund certain capital costs of the System.

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

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

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

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

“**Master Indenture**” has the meaning provided in the recitals hereto.

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

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

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

“**NEPA Determination**” means the [Categorical Exclusion] for the Project issued by EPA on [___], 20[___] in accordance with NEPA.

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

“**Net Revenues**” has the meaning provided in the Indenture.

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

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

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

“**Obligations**” means debt of the Borrower that is secured by a pledge and lien on all or a portion of the Revenues, including the Senior Debt, the WIFIA Loan and Subordinate Debt.

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

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

“**Operating Expenses**” has the meaning provided in the Indenture.

“**Operating Reserve Fund**” has the meaning provided in the Indenture.

“**Organizational Documents**” means: (a) the constitutional and statutory provisions that are the basis for the existence and authority of the Borrower, including the WASA Act, the District of Columbia Water and Sewer Authority Act of 1996 (Public Law 104-184) and any other enabling statutes, ordinances or public charters and any other organic laws establishing the Borrower and (b) the resolutions, bylaws, code of regulations, operating procedures or other organizational documents (including any amendments, modifications or supplements thereto) of or adopted by the Borrower by which the Borrower, its powers, operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived.

“**Other System Indebtedness**” has the meaning provided in the Indenture.

“**Outstanding**” means, with respect to Obligations, Obligations that have not been cancelled or legally defeased or discharged within the meaning of the Indenture.

“**Outstanding WIFIA Loan Balance**” means the sum of (a) the aggregate principal amount of the WIFIA Loan drawn by the Borrower plus (b) capitalized interest added to the principal balance of the WIFIA Loan minus (c) the aggregate principal amount of the WIFIA Loan

repaid by the Borrower, as determined in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*).

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

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

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

“**Payment Period**” means the six (6) month period beginning on [April 1] and ending on [October 1], and each succeeding six (6) month period thereafter; provided, that the first Payment Period shall be the six (6) month period ending on the date immediately prior to the Debt Service Payment Commencement Date.

“**Permitted Debt**” means:

- (a) Existing Indebtedness;
- (b) the WIFIA Loan;
- (c) Additional Bonds that satisfy the applicable requirements of Section 15(a) (*Negative Covenants – Indebtedness*) and the Indenture;
- (d) Additional Other System Indebtedness that satisfies the applicable requirements of Section 15(a) (*Negative Covenants – Indebtedness*) and the Indenture;
- (e) Additional Subordinate Debt that satisfies the applicable requirements of Section 15(a) (*Negative Covenants – Indebtedness*) and the Indenture; and
- (f) indebtedness incurred under an instrument that satisfies the requirements set forth (i) in the definition of “Hedge Agreement” under the Indenture and that constitutes a “Hedge Agreement” thereunder or (ii) in the definition of “Interest Rate Swap” under the Indenture and that constitutes an “Interest Rate Swap” thereunder.

“**Permitted Investments**” has the meaning provided in the Indenture.

“**Permitted Liens**” means Liens permitted under the terms of the Indenture.

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

“**Pledged Collateral**” means all of the interests of the Borrower in (a) the Net Revenues and (b) amounts on deposit in the Bond Fund and any other funds and accounts created pursuant to the Indenture (other than (i) any amounts on deposit in accounts that are pledged solely to the

payment of a particular series of Senior Debt or Subordinate Debt and (ii) any amounts on deposit in the Operating Fund (as defined in the Indenture)), including any investment earnings thereon, (c) amounts on deposit in the Construction Account (other than any amounts on deposit in accounts that are pledged solely to the payment of a particular series of Senior Debt or Subordinate Debt), including any investment earnings thereon and (d) any and all other property of any kind from time to time by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security for the Bonds, by the Borrower or by anyone on its behalf or with its written consent in favor of the Trustee.

“Principal Payment Date” means each April 1 and October 1, commencing on the Debt Service Payment Commencement Date.

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

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

“Project” means the Borrower’s Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program, which consists of a total of [twenty] ([20]) sub-projects, [nine] ([9]) of which are part of the Borrower’s Blue Plains Advanced Wastewater Treatment Plant site located in the District of Columbia and the other [eleven] ([11]) of which are located across the District of Columbia as buried water, sewer, storm water, and related infrastructure, all as further described in **Schedule V** (*Project Description*) (as such schedule may be updated from time to time to reflect any replacement sub-project substituted for a sub-project on such schedule in accordance with the terms and conditions of this Agreement).⁴

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

“Projected Substantial Completion Date” means [May 29, 2025]⁵, as such date may be adjusted in accordance with Section 16(d) (*Reporting Requirements – Construction Reporting*).

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

“Qualified Independent Consultant” has the meaning provided in the Indenture.

“Rate Covenant” has the meaning provided in the Indenture.

“Reimbursement Agreements” means, with respect to any Credit Facility, the agreement between the Borrower and the Credit Facility Provider that governs the terms and conditions of

⁴ **Note to Borrower:** Please provide final project list (along with latest construction schedule).

⁵ **Note to Borrower:** Based on longest dated project in Exhibit IV-C of the Application, subject to change based on final project budget and schedule.

the Credit Facility and the obligations of the Borrower with respect to, among other things, the terms of payment of principal of and interest on amounts drawn under the Credit Facility.

“**Reimbursement Obligations**” means, with respect to a Credit Facility, amounts payable by the Borrower to the Credit Facility Provider pursuant to the applicable Reimbursement Agreement.

“**Related Documents**” means the Indenture Documents, the WIFIA Loan Documents, the Reimbursement Agreements (if any), the Intermunicipal Agreements, the District MOU relating to the PILOT, and the Principal Project Contracts.

“**Renewal and Replacement Reserve Fund**” has the meaning provided in the Indenture.

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

“**Reserve Accounts**” means the Debt Service Reserve Fund (including any accounts in such fund), the Operating Reserve Fund, the Renewal and Replacement Reserve Fund, the Subordinate Debt Service Reserve Fund (including any accounts in such fund) and the System Fund.

“**Revenue Fund**” means the Revenue Fund created in Section 603 of the Indenture.

“**Revenues**” has the meaning provided in the Indenture.

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

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

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

“**Secured Parties**” means the Trustee, the WIFIA Lender, any other Obligation Holders, and any Credit Facility Provider.

“**Senior Debt**” has the meaning provided in the Indenture. The WIFIA Loan and the WIFIA Bond constitute Senior Debt.

“**Series**” or “**Series of Bonds**” has the meaning provided in the Indenture.

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

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

“**Servicing Set-Up Fee**” has the meaning set forth in Section 10(a)(i) (*Fees and Expenses – Fees*).

“**Subordinate Debt**” has the meaning provided in the Indenture.

“**Subordinate Debt Service Reserve Fund**” has the meaning provided in the Indenture.

“**Substantial Completion**” means, with respect to the Project, each sub-project of the Project (as listed in the then-current **Schedule V** (*Project Description*)) has reached the stage at which such sub-project is able to perform the functions for which such sub-project is designed.

“**Substantial Completion Date**” means the date on which the Borrower certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender, that Substantial Completion has occurred.

“**Supplemental Indenture**” has the meaning provided in the Indenture.

“**System**” has the meaning provided in the Indenture.

“**System Accounts**” means the Revenue Fund, the Operating Fund (as defined in the Indenture), the Bond Fund, the Debt Service Reserve Fund, the Operating Reserve Fund, the Renewal and Replacement Reserve Fund, the Subordinate Bond Fund (as defined in the Indenture), the Subordinate Debt Service Reserve Fund, the Rate Stabilization Fund (as defined in the Indenture), the System Fund and any accounts and subaccounts under the foregoing funds and accounts (including the WIFIA Debt Service Account under the Bond Fund).

“**System Fund**” means the System Fund created in Section 603 of the Indenture.

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

“**Trustee**” means Wells Fargo Bank, N.A., a national banking association, as successor to Norwest Bank Minnesota, N.A., and any other person at any time substituted in its place as provided in Article XI of the Indenture.

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

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

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

“**Variable Rate Indebtedness**” has the meaning provided in the Indenture.

“**WASA Act**” has the meaning provided in the Indenture.

“**Water Sales Agreement**” has the meaning provided in the Indenture.

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

“**WIFIA Bond**” means the bond delivered pursuant to the Indenture and the WIFIA Supplemental Indenture by the Borrower in substantially the form of **Exhibit A** (*Form of WIFIA Bond*).

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

“**WIFIA Debt Service Account**” [has the meaning provided in the WIFIA Supplemental Indenture].⁶

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

⁶ **Note to Draft:** Parties to discuss the WIFIA-specific accounts that will be established.

“**WIFIA Lender**” has the meaning provided in the preamble hereto.

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

“**WIFIA Loan**” means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed \$[___] (excluding capitalized interest), to be used in respect of Eligible Project Costs paid or incurred by the Borrower.

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Bond, the WIFIA Supplemental Indenture, and the other Indenture Documents.

“**WIFIA Supplemental Indenture**” means the [___] Supplemental Indenture of Trust between the Borrower and the Trustee, dated as of [____], 2020.

Section 2. Interpretation.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed \$[____] (excluding any interest that is capitalized in accordance with the terms hereof). WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*).

Section 4. Disbursement Conditions.

(a) WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the Project. If the Borrower intends to utilize the WIFIA Loan proceeds to make progress payments for Project construction work performed under the Principal Project Contracts, the Borrower shall demonstrate to the satisfaction of the WIFIA Lender that such progress payments are commensurate with the cost of the work that has been completed. Each disbursement of the WIFIA Loan shall be made pursuant to a requisition and certification (a “**Requisition**”) in the form set forth in **Appendix One** (*Form of Requisition*) to **Exhibit D** (*Requisition Procedures*), along with all documentation and other information required thereby, submitted by the Borrower to, and approved by, the WIFIA Lender, all in accordance with the procedures of **Exhibit D** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*); provided, that no disbursements of WIFIA Loan proceeds shall be made after the Final Disbursement Date.

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

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

(c) At the time of any disbursement, the sum of all prior disbursements of WIFIA Loan proceeds and the disbursement then to be made shall not exceed the cumulative disbursements through the end of the then-current Federal Fiscal Year set forth in the Anticipated WIFIA Loan Disbursement Schedule, as the same may be amended from time to time in accordance with the terms of this Agreement. Subject to this Section 4, any scheduled disbursement (as reflected in the Anticipated WIFIA Loan Disbursement Schedule) that remains undrawn at the end of any Federal Fiscal Year shall automatically roll forward to be available in the succeeding Federal Fiscal Year up to the last anticipated date of disbursement set forth in the Anticipated WIFIA Loan Disbursement Schedule, having the effect of automatically updating the Anticipated WIFIA Loan Disbursement Schedule without need for the WIFIA Lender's approval. The Borrower may also amend the Anticipated WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised Anticipated WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be granted in the WIFIA Lender's sole discretion.

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

Section 6. Interest Rate. The interest rate with respect to the Outstanding WIFIA Loan Balance (the "**WIFIA Interest Rate**") shall be [___] percent ([___]%) per annum. Interest will accrue and be computed on the Outstanding WIFIA Loan Balance (as well as on any past due interest) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the Outstanding WIFIA Loan Balance at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured (if applicable) in accordance with the terms of this Agreement and/or such Event of Default has been waived by the WIFIA Lender and (ii) the Outstanding WIFIA Loan Balance has been irrevocably paid in full in immediately available funds. For the avoidance of doubt, interest on the WIFIA Loan (and the corresponding WIFIA Bond) shall accrue and be payable only on (x) those amounts for which a Requisition has been submitted and funds (or such portion of funds as have been approved by the WIFIA Lender) have been disbursed to the Borrower for use on the Project in accordance with Section 4 (*Disbursement Conditions*) and (y) capitalized interest added to the principal balance of the WIFIA Loan in accordance with Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*).

Section 7. Security and Priority; Flow of Funds.

(a) As security for the WIFIA Bond, and concurrently with the issuance and delivery of this Agreement, the Borrower has in the Indenture irrevocably pledged, assigned and granted to the WIFIA Lender for its benefit, Liens on the Pledged Collateral in accordance with the provisions of the Indenture Documents. The Borrower affirms such pledge under this Agreement. The WIFIA Bond shall be equally and ratably secured under the Indenture by the Liens on the Pledged Collateral on a parity basis with the Senior Debt and senior to the Liens on the Pledged Collateral in favor of the Subordinate Debt. The WIFIA Bond shall constitute a Bond and Senior Debt under the Indenture, entitled to all of the benefits of a Bond and Senior Debt under the Indenture Documents. As security for the payment of all other obligations under this Agreement not evidenced by the WIFIA Bond, including the Borrower's indemnification obligations pursuant to Section 32 (*Indemnification*), the Borrower has in the WIFIA Supplemental Indenture irrevocably pledged all of the Net Revenues, subordinate to the pledges of Net Revenues that secure all Senior Debt and all Subordinate Debt.⁷ All payment obligations of the Borrower are subject to the limitations specified in the Indenture.⁸

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

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

(d) All Revenues shall be deposited into the Revenue Fund in accordance with the Indenture. Amounts deposited in the Revenue Fund shall be applied in the order of priority described, and in accordance with the requirements specified in, Section 604 of the Indenture, which, as of the Effective Date, is set forth in **Exhibit M** (*Indenture Provisions*) for reference.

Section 8. Payment of Principal and Interest.

(a) Payment of WIFIA Debt Service.

(i) On each Payment Date occurring on or after the Debt Service Payment Commencement Date, the Borrower shall pay WIFIA Debt Service by making (A) semi-annual payments of interest, on each Interest Payment Date, (B) semi-annual payments of principal, on each Principal Payment Date, and (C) payments of any other amounts on each other date on which payment thereof is required to be made hereunder (including the Final Maturity Date and any date on which payment is due by reason of the mandatory redemption or prepayment or otherwise); provided, that if any such date is not a Business Day, payment shall be made on the next Business Day following such date.

⁷ **Note to Draft:** The WIFIA Supplemental Indenture will include this pledge.

⁸ **Note to Draft:** As discussed by the parties, the WIFIA Supplemental Indenture will include the pledge of the District permitted pursuant to the WASA Act that has been included in prior supplemental indentures of the Borrower.

Payments of WIFIA Debt Service shall be made in the amounts and on the Payment Dates as set forth in **Exhibit F** (*WIFIA Debt Service*), as the same may be revised pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Loan Amortization Schedule*), and shall be calculated by the WIFIA Lender in such manner that [each of which such payments shall be approximately equal in amount], in order for the Outstanding WIFIA Loan Balance to be reduced to \$0 on the Final Maturity Date.

(ii) Notwithstanding anything herein to the contrary, the Outstanding WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date (or on any earlier date on which the WIFIA Loan and corresponding WIFIA Bond are subject to mandatory redemption or prepayment prior to maturity thereof).

(b) Capitalized Interest Period. No payment of the principal of or interest on the WIFIA Loan is required to be made during the Capitalized Interest Period. Interest on amounts capitalized pursuant to this Section 8(b) shall commence on the date such interest is added to the principal balance of the WIFIA Loan (and corresponding WIFIA Bond) during the Capitalized Interest Period. On each April 1 and October 1 occurring during the Capitalized Interest Period, interest accrued on the WIFIA Loan in the six (6) month period ending immediately prior to such date shall be capitalized and added to the Outstanding WIFIA Loan Balance. Within thirty (30) days after the end of the Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the Outstanding WIFIA Loan Balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred, in which case the provisions of this Section 8(b) shall no longer apply and payments of principal and interest shall be currently due and payable in accordance with the terms hereof and interest shall no longer be capitalized. For purposes of this subsection, an Event of Default under Section 17(a)(v) (*Events of Default and Remedies – Cross Default with Indenture Documents*) shall be deemed to have occurred upon the occurrence of any nonpayment of principal of, interest on or redemption price of Senior Debt or Subordinate Debt when due, regardless of whether the holders of the applicable Obligations or the Trustee for the applicable obligations, or any legal order, has waived, permitted deferral of, or forgiven any such payment.

(c) WIFIA Bond. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, as the registered owner, on or prior to the Effective Date, the WIFIA Bond substantially in the form of **Exhibit A** (*Form of WIFIA Bond*), having a maximum principal amount (excluding capitalized interest) of \$[___], bearing interest at the WIFIA Interest Rate and having principal and interest payable on the same dates set forth herein. Any payment in respect of the WIFIA Bond shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Bond.

(d) Manner of Payment. Payments under this Agreement (and the WIFIA Bond, which payments shall not be duplicative) shall be made by wire transfer on or before each

Payment Date in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions set forth in **Schedule IV** (*WIFIA Payment Instructions*), as may be modified in writing from time to time by the WIFIA Lender. The Borrower may make any such payment or portion thereof (or direct the Trustee to make such payment) with funds then on deposit in the WIFIA Debt Service Account.

(e) Adjustments to Loan Amortization Schedule. (i) The Outstanding WIFIA Loan Balance will be (A) increased on each occasion on which the WIFIA Lender disburses loan proceeds hereunder, by the amount of such disbursement of loan proceeds; (B) increased on each occasion on which interest on the WIFIA Loan is capitalized pursuant to the provisions of Section 8(b) (*Payment of Principal and Interest – Capitalized Interest Period*), by the amount of interest so capitalized; and (C) decreased upon each payment or prepayment of the Outstanding WIFIA Loan Balance, by the amount of principal so paid. The WIFIA Lender may in its discretion at any time and from time to time, or when so requested by the Borrower, advise the Borrower by written notice of the amount of the Outstanding WIFIA Loan Balance as of the date of such notice, and its determination of such amount in any such notice shall be deemed conclusive absent manifest error.

(ii) The WIFIA Lender is hereby authorized to modify the Loan Amortization Schedule included in **Exhibit F** (*WIFIA Debt Service*) from time to time, in accordance with the principles set forth below in this Section 8(e), to reflect (A) any change to the Outstanding WIFIA Loan Balance, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower under this Agreement, and (C) such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan and this Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the Loan Amortization Schedule as a result of changes in the Outstanding WIFIA Loan Balance shall be applied to reduce future payments due on the WIFIA Bond in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(c) (*Prepayment – General Prepayment Instructions*). Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** (*WIFIA Debt Service*) shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document. The WIFIA Lender shall provide the Borrower with a copy of **Exhibit F** (*WIFIA Debt Service*) as revised, but no failure to provide or delay in providing the Borrower with such copy shall affect any of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents.

Section 9. Prepayment.

(a) Optional Prepayments. The Borrower may prepay the WIFIA Loan in whole or in part (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided, however, that such prepayments shall be in principal amounts of \$1,000,000 or any integral multiple of \$1.00 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment, which shall be a Payment Date unless otherwise agreed by the

WIFIA Lender. Each prepayment of the WIFIA Loan pursuant to this Section 9(a) shall be made on such Payment Date and in such principal amount as shall be specified by the Borrower in a written notice delivered to the WIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Anything in this Section 9(a) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

(b) Borrower's Certificate. Each prepayment pursuant to this Section 9 shall be accompanied by a certificate signed by the Borrower's Authorized Representative identifying the provision of this Agreement pursuant to which such prepayment is being made and containing a calculation in reasonable detail of the amount of such prepayment.

(c) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full of the entire Outstanding WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of an optional prepayment, the WIFIA Lender shall surrender the WIFIA Bond to the Borrower or its representative at the principal office of the WIFIA Lender. If the Borrower prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender may make a notation on **Exhibit F (WIFIA Debt Service)** indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F (WIFIA Debt Service)** shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document. All such partial prepayments of principal shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity. If such funds have not been so paid on the prepayment date, such principal amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

Section 10. Fees and Expenses.

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

(i) a servicing set-up fee equal to \$15,970 (the "**Servicing Set-Up Fee**"), which shall be due and payable within thirty (30) days after receipt of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan);

(ii) an annual construction period servicing fee equal to \$15,970 (the "**Construction Period Servicing Fee**"), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the Construction Period (including the Federal Fiscal Year during which the Substantial Completion Date occurs); provided, that the initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt of an

invoice from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan), in a pro-rated amount equal to \$[14,630]⁹; and

(iii) an annual operating period servicing fee equal to \$7,990 (the “**Operating Period Servicing Fee**”), which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the Substantial Completion Date occurs, until (and including) the Final Maturity Date; provided, that the Operating Period Servicing Fee due and payable with respect to the Federal Fiscal Year during which the Final Maturity Date occurs shall be equal to the pro-rata monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and the Final Maturity Date.

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

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

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

⁹ **Note to Borrower:** The pro-rata portion assumes a loan closing of October 2020.

ARTICLE III CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

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

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

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

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

(iv) The Borrower shall have delivered to the WIFIA Lender (A) a copy of its Organizational Documents, as in effect on the Effective Date (and certified by the Secretary of State of the District, to the extent applicable), along with a certification in the Closing Certificate that such Organizational Documents are in full force and effect, and (B) other than the WIFIA Supplemental Indenture, all further instruments and documents (including any resolutions, ordinances, and supplements) as are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

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

(vi) The Borrower shall have delivered to the WIFIA Lender the Non-Debarment Certificate.

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

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

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

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

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

(4) the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project, and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such compliance;

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

(6) the Borrower has (A) obtained a Federal Employer Identification Number, (B) obtained a Data Universal Numbering System number, and (C) registered with, and obtained confirmation of active

registration status from, the federal System for Award Management (www.SAM.gov);¹⁰

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

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

(9) no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since August 29, 2019.

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

(x) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, no more than thirty (30) days prior to the Effective Date, of the assignment by at least two (2) Nationally Recognized Rating Agencies of a public Investment Grade Rating to the WIFIA Loan, along with a certification in the Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

(xi) The Borrower shall have delivered to the WIFIA Lender a Base Case Financial Model in form and substance acceptable to the WIFIA Lender, along with a certification in the Closing Certificate that such Base Case Financial Model (A) demonstrates that projected Revenues are sufficient to meet the Loan Amortization Schedule, (B) demonstrates compliance with the Rate Covenant for the current Borrower Fiscal Year and each of the next ten (10) Borrower Fiscal Years; (C) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender and (D) demonstrates that the Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over the useful life of the Project.

(xii) The Borrower shall have delivered to the WIFIA Lender (A) (1) certificates of insurance or (2) if the Borrower is self-insured, a certificate of the Borrower's risk management department pertaining to the Borrower's self-insurance program, in each case along with a certification in the Closing Certificate that such insurance certificate is true and correct and demonstrates compliance with the requirements

¹⁰ **Note to Borrower:** Acquisition of a DUNS number and registration with SAM can each have significant lead times (often in excess of 30 days). If you do not already have both a DUNS number and SAM registration in place, we recommend that you commence the process very soon so as to avoid delays in reaching closing on the WIFIA loan transaction.

of Section 14(f) (*Affirmative Covenants – Insurance*) and (B) at the WIFIA Lender’s request, copies of such insurance policies and/or, if applicable, documents pertaining to the Borrower’s self-insurance program and documents pertaining to the Borrower’s self-insurance program.

(xiii) On or before the Effective Date, the Borrower shall have delivered to the WIFIA Lender the Public Benefits Report.

(xiv) The Borrower shall have provided the WIFIA Lender records of any Eligible Project Costs incurred prior to the Effective Date, in form and substance satisfactory to the WIFIA Lender.

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

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

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

(i) The Borrower shall have provided to the WIFIA Lender evidence satisfactory to the WIFIA Lender that (A) the aggregate amount of all disbursements of the WIFIA Loan (including the requested disbursement but excluding any interest that is capitalized in accordance with the terms hereof) shall not exceed (1) the amount of the WIFIA Loan, (2) the amount of Eligible Project Costs paid or incurred by the Borrower, and (3) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule; (B) the Borrower has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs; and (C) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs.

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

(iii) The Borrower shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*)

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

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

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

(C) at the time of, and immediately after giving effect to, any disbursement of WIFIA Loan proceeds then currently requested, (1) no Default or Event of Default hereunder shall have occurred and be continuing and (2) no event of default or default that, with the giving of notice or the passage of time or both, would constitute an event of default, in each case, under any other Related Document, shall have occurred and be continuing. No Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, shall have occurred since the Effective Date;

(D) the Borrower, and, to its knowledge, each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including without limitation 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender; and

(E) the representations and warranties of the Borrower set forth in this Agreement (including Section 12 (*Representations and Warranties of Borrower*)) and in each other Related Document shall be true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

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

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

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

ARTICLE IV REPRESENTATIONS AND WARRANTIES

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

(a) Organization; Power and Authority. The Borrower is an independent authority of the District duly organized and validly existing under its Organizational Documents and the laws of the District, has full legal right, power and authority to do business in the District and to enter into the Related Documents then in existence, to execute and deliver this Agreement and the WIFIA Bond, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Bond, and the Related Documents.

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

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

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

(e) Consents and Approvals. No consent or approval of any trustee, holder of any indebtedness of the Borrower or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the Borrower of the Related Documents, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any Related Documents or (B) the fulfillment of or compliance by the Borrower with the terms and conditions of any of the Related Documents, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed.

(f) Litigation. There is no action suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the System (including the Project) or the ability of the Borrower to execute, deliver and perform its obligations under the Related Documents. As of the Effective Date and as of each other date on which the representations and warranties herein are made or confirmed, there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation before or by any court or other Governmental Authority pending, or to the knowledge of the Borrower, threatened against or affecting the System (including the Project), the Borrower or the assets, properties or operations of the Borrower, that in any case could reasonably be expected to result in a Material Adverse Effect. To the Borrower's knowledge, there are no actions of the type described above pending or, threatened against or affecting any of the Principal Project Parties, except for matters arising after the Effective Date that could not reasonably be expected to result in a Material Adverse Effect.

(g) Security Interests. (i) The Indenture Documents, [the WASA Act, and the District of Columbia Water and Sewer Authority Act of 1996 (Public Law 104-184)],¹¹ establish, and (ii) the Borrower has taken all necessary action to pledge, assign, and grant, in each case in favor of the Trustee for the benefit of the WIFIA Lender, legal, valid, binding and enforceable Liens on the Pledged Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the Indenture Documents, irrespective of whether any Person has notice

¹¹ **Note to Borrower:** Please confirm that the listed statutes reflect the authorizing statutory ability for the Borrower to create a lien on the Pledged Collateral.

of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the security interests created in the Pledged Collateral have been duly perfected under applicable District law. Such Liens are in full force and effect and are not subordinate or junior to any other Liens in respect of the Pledged Collateral, and not *pari passu* with any obligations other than the Senior Debt. The Borrower is not in breach of any covenants set forth in Section 14(b) (*Affirmative Covenants – Securing Liens*) or in the Indenture Documents with respect to the matters described in Section 14(b) (*Affirmative Covenants – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (1) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and perfected Lien on the Pledged Collateral in favor of the Trustee (for the benefit of the Secured Parties) to the extent contemplated by the Indenture Documents, and (2) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any Indenture Documents or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, perfection, validity, enforceability or priority of the security interest in the Pledged Collateral granted pursuant to the Indenture Documents is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 11(a)(vi) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

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

(j) Compliance with Laws.

(i) The Borrower, and, to its knowledge, each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including without limitation 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products).

(ii) To ensure such compliance, the Borrower has included in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractor(s) (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 12(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein

by any applicable laws, rules, regulations and requirements set forth in this Section 12(j) (including without limitation with respect to the Davis-Bacon Act requirements).

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

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

(k) Credit Ratings. The WIFIA Loan has received a public Investment Grade Rating from at least two (2) Nationally Recognized Rating Agencies, written evidence of such ratings has been provided to the WIFIA Lender prior to the Effective Date, and no such rating has been reduced, withdrawn or suspended as of the Effective Date.

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

(m) Governmental Approvals. All Governmental Approvals required as of the Effective Date and any subsequent date on which this representation is made (or deemed made) for the undertaking and completion by the Borrower of the Project, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of any such Governmental Approval. The Borrower is not in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a Material Adverse Effect.

(n) Principal Project Contracts. Attached as **Schedule 12(n)** (*Principal Project Contracts*) is a list of the Existing Principal Project Contracts and all Additional Principal Project Contracts that are expected to be entered into. With respect to each Principal Project Contract executed as of any date on which this representation and warranty is made, (x) it is in full force and effect, (y) all conditions precedent to the obligations of the respective parties under each such Principal Project Contract have been satisfied and (z) the Borrower has delivered to the WIFIA

Lender a fully executed, complete and correct copy of each such Principal Project Contract, including any amendments or modifications thereto and any related credit support instruments or side letters. No event has occurred that gives the Borrower or, to the Borrower's knowledge, any Principal Project Party, the right to terminate any such Principal Project Contract. The Borrower is not in breach of any material term in or in default under any of such Principal Project Contracts, and to the knowledge of the Borrower no party to any of such agreements or contracts is in breach of any material term therein or in default thereunder.

(o) Information. The information furnished by, or on behalf of, the Borrower to the WIFIA Lender, when taken as a whole, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein not misleading as of the date made or furnished; provided, that no representation or warranty is made with regard to projections or other forward-looking statements provided by or on behalf of the Borrower (including the Base Case Financial Model or any Updated Financial Model, and the assumptions therein) except that each of the Base Case Financial Model and each Updated Financial Model (i) is based on assumptions that were reasonable in all material respects when made, (ii) was prepared in good faith and (iii) represents, in the opinion of the Borrower, reasonable projections at the time made of the future performance of the Borrower and the System (it being understood that projections are not to be considered or regarded as facts and contain significant uncertainties and contingencies, many of which are beyond the control of the Borrower, that actual results may differ significantly from projections and that no representation is made with respect to the accuracy of such projections).

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

(q) Sufficient Rights. The Borrower possesses either valid legal and beneficial title to, leasehold title in, or other valid legal rights with respect to the real property relating to the System (including the Project), in each case as is necessary and sufficient as of the date this

representation is made for the construction, operation, maintenance and repair of the System (including the Project). As of any date on which this representation and warranty is made, the Principal Project Contracts then in effect and the Governmental Approvals that have been obtained and are then in full force and effect create rights in the Borrower sufficient to enable the Borrower to own, construct, operate, maintain and repair the Project and to perform its obligations under the Principal Project Contracts to which it is a party.

(r) Insurance. The Borrower is in compliance with all insurance obligations required under each Principal Project Contract and the other Related Documents as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound and the Borrower has received an opinion from an accredited actuary within the last twelve (12) months, which opinion confirms that the Borrower's self-insurance program is actuarially sound.

(s) No Liens. Except for Permitted Liens, the Borrower has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Pledged Collateral, the Revenues, the System, the Project, or the properties or assets in relation to the Project.

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

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

(v) Taxes. [The Borrower is not required to file tax returns with any Governmental Authority.]¹² The Borrower has timely paid all payments in lieu of taxes that have become due pursuant to the District MOU relating to the PILOT.

(w) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed for the development and construction of the Project as set forth under the various sources of funds in the Base Case Financial Model and the Project Budget will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date.

¹² **Note to Borrower:** Please confirm whether the Borrower is required to file tax returns.

(x) Sovereign Immunity. The Borrower is not aware of any statutory or case law that specifically grants or denies the defense of sovereign immunity in contractual obligations such as those contemplated in this Agreement. To the extent that the Borrower has immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Borrower under any of the Related Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, the Borrower has waived such immunity pursuant to Section 14(o) (*Affirmative Covenants – Immunity*).

(y) Patriot Act. [The Borrower is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act][The Borrower has established an anti-money laundering compliance program as required by the Patriot Act and is in compliance with the Patriot Act in all material respects].¹³

(z) No Federal Debt. The Borrower has no delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996).

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

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

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

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

ARTICLE V COVENANTS

Section 14. Affirmative Covenants. The Borrower covenants and agrees as follows until the date the WIFIA Bond and the Obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant. The Borrower shall comply with Section 601 of the Indenture. If the Borrower is required to request a written report and recommendations from a Qualified Independent Consultant pursuant to Section 601(b) of the Indenture, the Borrower shall deliver to the WIFIA Lender a complete copy of such report and recommendations promptly (and

¹³**Note to Borrower:** Please advise on the correct formulation.

in any event within ten (10) Business Days) after receiving such report and recommendations from the Qualified Independent Consultant. For reference, Section 601 of the Indenture, as of the Effective Date, is set forth in **Exhibit M** (*Indenture Provisions*).

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

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

(d) Prosecution of Work; Verification Requirements.

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

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

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

(e) Operations and Maintenance. The Borrower shall (i) operate and maintain the System (including, but not limited to, the Project) (A) in a reasonable and prudent manner and (B) substantially in accordance with the Updated Financial Model most recently approved by the WIFIA Lender (except as necessary to prevent or mitigate immediate threats to human health and safety or to prevent or mitigate physical damage to material portions of the System (including the

Project)) and (ii) maintain the System (including the Project) in good repair, working order and condition and in accordance with the requirements of all applicable laws and each applicable Related Document. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(f) Insurance.

(i) The Borrower shall at all times procure and maintain or cause to be maintained insurance on the System and the construction of the Project, with responsible insurers, or as part of a reasonable system of self-insurance that is adequately funded, in such amounts and against such risks (including damage to or destruction of the System) as are customarily maintained with respect to works and properties of like character against accident to, loss of, or damage to such works or properties. The Borrower shall cause each Principal Project Party party to a Principal Project Contract related to the construction of the Project to obtain and maintain builders risk and casualty and liability insurance in accordance with the requirements of the applicable Principal Project Contract.

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

(iii) The Borrower shall cause all liability insurance policies that it maintains (and, during the Construction Period, that are maintained by any Principal Project Party), other than workers' compensation insurance, to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

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

(v) The Borrower shall comply with the insurance requirements of the Indenture Documents and shall deliver to the WIFIA Lender within thirty (30) days after receipt thereof any certifications or opinions provided to the Borrower pursuant to the Indenture Documents with respect to the Borrower's program of insurance or self-insurance.

(g) Maintain Legal Structure. The Borrower shall maintain its existence as an independent authority of the District organized and existing under its Organizational Documents and the laws of the District.

(h) System Accounts; Permitted Investments.

(i) The Borrower shall maintain and administer the Revenue Fund in accordance with the terms of the Indenture Documents. All Revenues received shall be

deposited into the Revenue Fund when and as received in trust for the benefit of the holders of the Obligations, subject to the application of Revenues to Operating Expenses of the System. The Borrower shall cause all Reserve Accounts to be funded in such amounts and under such conditions as are required by the Indenture Documents.

(ii) Amounts on deposit in the System Accounts shall be held uninvested or invested in Permitted Investments. Permitted Investments must mature or be redeemable at the election of the holder at such times as may be necessary to ensure that funds will be available within the applicable account to be applied towards the purpose for which the applicable account has been established.

(i) Compliance with Laws.

(i) The Borrower shall, and shall require its contractors and subcontractors at all tiers with respect to the Project, to comply with all applicable laws, rules, regulations and requirements, including without limitation 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products).

(ii) To ensure such compliance, the Borrower shall include in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractor(s) (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 14(i) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 14(i) (including without limitation with respect to the Davis-Bacon Act requirements).

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

(j) Material Obligations. The Borrower shall pay its material obligations promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Revenues or other assets of the System, before the same shall become delinquent or in default, as well as all lawful and material

claims for labor, materials and supplies or other claims which, if unpaid, might give rise to a Lien upon such properties or any part thereof or on the Revenues or the Pledged Collateral; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(k) [Reserved.]

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

(m) DUNS Number. The Borrower shall (i) obtain and maintain from Dun & Bradstreet (or a successor entity) a Data Universal Numbering System Number (a “**DUNS Number**”) prior to the Effective Date and provide such number to the WIFIA Lender and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the WIFIA Lender evidence of the continuing effectiveness of such DUNS Number, in each case until the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender under this Agreement have been irrevocably paid in full in immediately available funds.

(n) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to the System (including the Project) or any part thereof, the Borrower shall (i) diligently pursue all of its rights to compensation against all relevant insurers, reinsurers and Governmental Authorities, as applicable, in respect of such Event of Loss and (ii) apply all Net Loss Proceeds in respect of such Event of Loss in accordance with the Indenture Documents; provided that, to the extent Loss Proceeds are attributable to the Project, such Loss Proceeds shall be applied to repair, reconstruct, reinstate, restore and/or replace those portions of the Project in respect of which the applicable Loss Proceeds were received, if and to the extent permitted by the Indenture Documents.

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

(p) Accounting and Audit Procedures.

(i) The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all (A) Revenues, operating expenses, capital expenses, depreciation, reserves, debt issued and outstanding and debt payments and (B) Project-related costs, WIFIA Loan requisitions submitted, WIFIA Loan proceeds

received, payments made by the Borrower with regard to the Project, other sources of funding for the Project (including amounts paid from such sources for Project costs so that audits may be performed to ensure compliance with and enforcement of this Agreement). The Borrower shall use accounting, audit and fiscal procedures conforming to GAAP, including, with respect to the WIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts Outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 for 2020 and annually thereafter, except to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Project or the WIFIA Loan, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(q) Access; Records.

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

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

Section 15. Negative Covenants. The Borrower covenants and agrees as follows until the date the WIFIA Bond and the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) Except for Permitted Debt, the Borrower shall not without the prior written consent of the WIFIA Lender issue or incur indebtedness of any kind; provided, that the Borrower shall not incur any indebtedness of any kind payable from, secured or supported by the Pledged Collateral, including Permitted Debt, without the prior written consent of the WIFIA Lender, while an Event of Default has occurred and is continuing.

(ii) The Borrower may not create, incur or suffer to exist (A) any Obligations the payments of which are senior or prior in right to the payment by the Borrower of the Senior Debt, (B) any Obligations, the proceeds of which shall be used to pay any portion of the Total Project Costs, that are secured by a dedicated revenue source other than the Net Revenues.

(iii) The Borrower shall not issue Additional Bonds unless each of the applicable conditions set forth in Section 303 of the Indenture has been satisfied. For reference, Section 303 of the Indenture, as of the Effective Date, is set forth in **Exhibit M** (*Indenture Provisions*).

(iv) The Borrower shall not issue Additional Other System Indebtedness unless each of the conditions set forth in Section 304 of the Indenture has been satisfied. For reference, Section 304 of the Indenture, as of the Effective Date, is set forth in **Exhibit M** (*Indenture Provisions*).

(v) The Borrower shall not issue Additional Subordinate Debt unless each of the conditions set forth in Section 305 of the Indenture has been satisfied. For reference, Section 305 of the Indenture, as of the Effective Date, is set forth in **Exhibit M** (*Indenture Provisions*).

(vi) The Borrower shall not create, incur or suffer to exist any Obligations that bear interest at a variable interest rate (including Variable Rate Indebtedness) if such incurrence would cause the principal amount of all Outstanding Obligations that bear interest at a variable interest rate (including Variable Rate Indebtedness) net of available cash held by the Borrower and available for the payment of Variable Rate Indebtedness to exceed twenty-five percent (25%) of the principal amount of all Outstanding Obligations at such time.

(b) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish the Rate Covenant; (ii) extinguish or impair the Liens on the Pledged Collateral or any dedicated source of repayment of the WIFIA Loan or any other Obligations the proceeds of which are applied to fund Total Project Costs, in each case granted pursuant to the Indenture, (iii) amend,

modify, replace or supplement any Related Document (including through the execution of a Supplemental Indenture) or permit a waiver of any provision thereof, in each case in a manner that could reasonably be expected to result in a Material Adverse Effect, or (iv) terminate, assign or replace any Related Document (other than the replacement of any Principal Project Contract permitted under Section 17(a)(xi) (*Events of Default and Remedies – Default Under Principal Project Contracts*)) in a manner that could reasonably be expected to have a Material Adverse Effect.

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

(d) Restricted Payments and Transfers. The Borrower shall not permit Revenues or other assets of the System, or any funds in any accounts held under the Indenture or in any other fund or account held by or on behalf of the Borrower, to be paid or transferred or otherwise applied for purposes other than the ownership, operation or maintenance of the System and the making of payments in lieu of taxes to the District required under the District MOU relating to the PILOT.

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

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

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

(h) No Defeasance. Notwithstanding anything to the contrary in any Indenture Document or document related thereto, the WIFIA Loan shall not be subject to defeasance and no amounts in respect of the WIFIA Loan shall be considered or deemed to have been paid until the WIFIA Lender shall have received irrevocable payment in immediately available funds in

accordance with the requirements for payment set forth in this Agreement. This section does not prohibit a financial or legal defeasance of the WIFIA Loan in accordance with the Indenture (including Section 1201 of the Indenture) if funds are (i) deposited with the Trustee for such defeasance, (ii) the Trustee is irrevocably directed to apply such funds to prepay all amounts outstanding under the WIFIA Loan and (iii) such amounts are applied to prepay all amounts outstanding under the WIFIA loan, together with accrued interest to the date of prepayment, within one (1) year following such defeasance and in any event not later than the Final Maturity Date; provided that the Borrower shall provide the WIFIA Lender written notice of such proposed defeasance not less than ten (10) days prior to such defeasance.

(i) Hedging. Other than Hedge Agreements and Interest Rate Swaps permitted by the Indenture, the Borrower shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, “cap” or “collar” transactions, futures, or any other hedging transaction without the prior written consent of the WIFIA Lender.

Section 16. Reporting Requirements.

(a) Updated Financial Model.¹⁴

(i) The Borrower shall provide to the WIFIA Lender not later than thirty (30) days after each delivery of the Borrower’s annual financial statements in accordance with Section 16(b) (*Reporting Requirements – Annual Financial Statements*), an updated Base Case Financial Model reflecting the then-current and projected conditions.

(ii) The Updated Financial Model shall demonstrate to the satisfaction of the WIFIA Lender that the Borrower has developed and identified adequate revenues to implement a plan for operating, maintaining and repairing the Project over its useful life, and shall include: (A) the Borrower’s capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected operation and maintenance costs of the System; (B) evidence of compliance with the Rate Covenant for the most recent Borrower Fiscal Year and the projected Rate Covenant for the current Borrower Fiscal Year and each of the next ten (10) Borrower Fiscal Years; (C) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model; and (D) a certificate signed by the Borrower’s Authorized Representative, certifying that (1) the Updated Financial Model, including the assumptions and supporting documentation, as of its date, is accurate and reasonable to the best of the Borrower’s knowledge and belief, (2) the annual projected Net Revenues will be sufficient to meet the Loan Amortization Schedule and the annual projected Revenues and Net Revenues, as applicable, will be sufficient to satisfy each requirement of the Rate Covenant for the current Borrower Fiscal Year and each of the next ten (10) Borrower Fiscal Years, and (3) the Borrower is in compliance with its obligations in respect of the Rate Covenant pursuant to Section 14(a) (*Affirmative Covenants – Rate Covenant*).

(iii) The Borrower represents and warrants that the Updated Financial Model reflects the Borrower’s reasonable expectations, using assumptions that the

¹⁴ **Note to Borrower:** Borrower to provide current CIP for review by the WIFIA Lender.

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

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

(i) a copy of the audited income statement and balance sheet of the Borrower as of the end of such Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year, (A) setting forth in each case in comparative form the figures for the previous fiscal year, (B) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (C) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except, with respect to the annual financial statements, for changes approved or required by the independent public accountants certifying such statements and disclosed therein); and

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

(c) Final Design Specifications. With respect to each sub-project of the Project (as listed in **Schedule V** (*Project Description*)), the Borrower shall deliver to the WIFIA Lender, no later than thirty (30) days prior to (i) bid advertisement relating to such sub-project, a copy of the final specifications relating to the development and construction of such sub-project and (ii) any notice to proceed relating to such sub-project, a copy of the relevant portion of the executed construction contract(s) for such sub-project (including the cover page and executed signature pages) demonstrating compliance with all applicable federal requirements.

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

During the period through Substantial Completion of the Project, the Borrower shall furnish to the WIFIA Lender, on a quarterly basis, a report on the status of the Project, substantially in the form of **Exhibit K** (*Form of Quarterly Report*). The report shall be executed by the Borrower's Authorized Representative and, for any quarter, shall be delivered to the WIFIA Lender within thirty (30) days of the following quarter (or if such day is not a Business Day, on the next following Business Day). If the then-current projection for the Substantial Completion Date is a date later than the Projected Substantial Completion Date, the Borrower shall provide in such report a description in reasonable detail to the reasonable satisfaction of the WIFIA Lender of the reasons for such projected delay, an estimate of the impact of such delay on the capital and operating costs of the System (if any), and that the new date could not reasonably be expected to result in a Material Adverse Effect.

(e) Public Benefits Report. The Borrower shall deliver to the WIFIA Lender a report, in the form of **Exhibit L** (*Form of Public Benefits Report*) (the "**Public Benefits Report**"), (i) on or before the Effective Date, (ii) within ninety (90) days following the Substantial Completion Date and (iii) within ninety (90) days following the fifth (5th) anniversary of the Substantial Completion Date. The Borrower agrees that information described under this Section 16(e) may be made publicly available by the WIFIA Lender at its discretion.

(f) Project Modifications.

(i) Total Project Costs. For the period through the Substantial Completion Date, the Borrower shall provide the WIFIA Lender with written notification at least thirty (30) days prior to instituting any increase or decrease to the Total Project Costs applicable to any sub-project set out in Schedule V (*Project Description*) in an amount equal to or greater than ten percent (10%), which notification shall set forth the nature of the proposed increase or decrease and an estimate of the impact of such increase or decrease on the capital costs and operating costs of the System. The Borrower's notice shall demonstrate that the proposed increase or decrease is consistent with the provisions of this Agreement, is necessary or beneficial to the Project, does not materially impair the WIFIA Lender's security or the Borrower's ability to comply with its obligations under the Related Documents (including any financial ratios or covenants included therein), and could not reasonably be expected to result in a Material Adverse Effect.

(ii) Replacement. From time to time after the Effective Date but in any event (x) not more than once every one hundred and eighty (180) days and (y) no later than one hundred eighty (180) days prior to the Final Disbursement Date, the Borrower may request to replace any sub-project of the Project set out in **Schedule V** (*Project Description*) with a new sub-project (the "**New Sub-Project**") by delivering to the WIFIA Lender a written request (each, a "**Sub-Project Replacement Request**"), which shall include (1) a detailed explanation for the replacement of the sub-project requested to be replaced, (2) a description of the New Sub-Project, along with the estimated project costs, sources of funding and schedule for such New Sub-Project, (3) such additional information as may be requested by the WIFIA Lender and (4) a certification by the Borrower that (x) such New Sub-Project complies with all applicable federal laws, regulations, and guidance and (y) such contemplated replacement of the applicable sub-project with the New Sub-Project could not reasonably be expected to result in a Material Adverse Effect; provided,

that no more than three (3) Project Replacement Requests shall be delivered prior to the Final Disbursement Date. Any such sub-project replacement shall be subject to the following conditions:

(A) the purpose of the New Sub-Project shall be consistent with the purpose of efficiently distributing water and collecting, treating and discharging wastewater in a manner that protects the public and reduces nutrient loads and combined sewer overflows to local water bodies;

(B) any Obligations incurred in connection with the New Sub-Project shall be repayable from Net Revenues and secured by a Lien on (1) if Senior Debt, the Pledged Collateral or (2) if Subordinate Debt, the Net Revenues;

(C) the New Sub-Project will not extend the Projected Substantial Completion Date, decrease Total Project Costs, or change the WIFIA Loan amount set forth in Section 3 (*WIFIA Loan Amount*);

(D) the New Sub-Project shall otherwise be in compliance with this Agreement and the Act, including project eligibility under the Act and compliance with NEPA.

Each such Sub-Project Replacement Request shall become effective upon the WIFIA Lender's approval thereof, which approval shall be granted in the WIFIA Lender's sole discretion. The WIFIA Lender may update **Schedule V** (*Project Description*) to reflect the replacement of any sub-project with the applicable New Sub-Project.

(g) Operations and Maintenance. The WIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents to monitor) the Project's operations and, as the WIFIA Lender may request from time to time, to receive reporting on the operation and management of the Project, and copies of any contracts relating to the operation and maintenance of the Project. The Borrower agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation, or other information requested by the WIFIA Lender. The WIFIA Lender has the right, in its sole discretion, to retain such consultants or advisors, to carry out the provisions of this Section 16(g).

(h) Notices.

(i) The Borrower shall, within fifteen (15) days after the Borrower learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event:

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

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

(C) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the Borrower before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, or the receipt by the Borrower in writing of any threat of litigation, suit, action, or proceeding, or of any written claim against the Borrower that, in each case, could reasonably be expected to have a Material Adverse Effect, and any material changes in the status of such litigation, suit, action or claim, and (2) any judgments against the Borrower with award amounts in excess of \$50,000,000, either individually or in the aggregate;

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

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

(F) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of fully executed amendments of any Related Document within ten (10) days following execution thereof; provided, that such notice can be accomplished through (1) the posting of the relevant documents to the CUSIP number for the WIFIA Loan on EMMA or (2) an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(G) Related Document Defaults: any material breach or default or event of default on the part of the Borrower or any other party under any Related Document; provided that such notice can be accomplished through (1) the posting of the relevant documents to the CUSIP number for the WIFIA Loan on EMMA or (2) an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

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

(I) Ratings Changes: any change in the rating assigned to the Senior Debt or the WIFIA Loan, in each case by any Nationally Recognized Rating Agency that has provided a public rating on such indebtedness; provided, that such notice can be accomplished through (1) the posting of the relevant documents to the CUSIP number for the WIFIA Loan on EMMA or (2) an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

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

(K) Additional Principal Project Contracts: copies of any executed Additional Principal Project Contracts (together with any related contracts, side letters or other understandings); provided that such notice can be accomplished through (1) the posting of the relevant documents to the CUSIP number for the WIFIA Loan on EMMA or (2) an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(L) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Permitted Debt (including any Additional Obligations); provided that such notice can be accomplished through (1) the posting of the relevant documents to the CUSIP number for the WIFIA Loan on EMMA or (2) an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(M) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events; provided that such notice can be accomplished through (1) the posting of the relevant documents to the CUSIP number for the WIFIA Loan on EMMA or (2) an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(N) Insurance: copies of any written notice received by the Borrower of intended cancellation of, or reduction of coverage provided by, any policy of insurance required to be maintained herein; and

(O) Other Adverse Events: the occurrence of any other event or condition, including without limitation any notice of breach from a contract counterparty or any holder of any Obligations, that could reasonably be expected to result in a Material Adverse Effect.¹⁵

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

(i) Requested Information. The Borrower shall, at any time while the WIFIA Loan remains outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or regarding the Project or the Revenues as the WIFIA Lender may from time to time reasonably request.

¹⁵ **Note to Draft:** The WIFIA Supplemental Indenture will include a requirement that the Trustee deliver to the WIFIA Lender copies of any notice delivered by the Trustee to certain Bondholders pursuant to Section 902 of the Indenture, promptly upon delivery of such notice to such Bondholders.

ARTICLE VI EVENTS OF DEFAULT

Section 17. Events of Default and Remedies.

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

(i) Payment Default. The Borrower shall fail to (i) pay when due any part of the principal amount of or interest on the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Payment of Principal and Interest*)), and such failure continues for a period of five (5) days, or (ii) make any required prepayment of the WIFIA Loan following a defeasance permitted under Section 15(h) (*Negative Covenants – No Defeasance*), in each case when and as the payment thereof shall be required under this Agreement or the WIFIA Bond or on the Final Maturity Date (each such failure, a “**Payment Default**”).

(ii) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, the WIFIA Bond or any other WIFIA Loan Document (other than in the case of any Payment Default, any Development Default or any failure to comply with the Rate Covenant), and such failure shall not be cured within sixty (60) days after the earlier to occur of (A) receipt by the Borrower from the WIFIA Lender of written notice thereof or (B) the Borrower’s knowledge of such failure; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such sixty (60) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under this Section 17(a)(ii), and such sixty (60) day cure period shall be extended by up to sixty (60) additional days, if and so long as (x) within such initial sixty (60) day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred twenty (120) days of the date specified in either (A) or (B) above, as applicable.

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

giving rise to the misrepresentation is cured by the Borrower within thirty (30) days from the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation, and (F) the Borrower diligently pursues such cure during such thirty (30) day period.

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

(v) Cross Default with Indenture Documents. Any default shall occur in respect of the performance of any covenant, agreement or obligation of the Borrower pursuant to the Indenture Documents, and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in the Indenture Documents (as the case may be) with respect to such default, and the Borrower shall have failed to cure such default or to obtain an effective written waiver thereof in accordance with the terms thereof.

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

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

(viii) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; or (B) any Indenture Document ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the Pledged Collateral other than as a result of actions or a failure to act by, and within the control of, the Trustee or any Secured Party, and with the priority purported to be created thereby.

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

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

(xi) Default Under Principal Project Contracts. The Borrower shall default in the timely performance of any covenant, agreement or obligation under any Principal Project Contract or any Principal Project Contract shall be terminated prior to its scheduled expiration (unless in any case such default or termination could not reasonably be expected to have a Material Adverse Effect), and the Borrower shall have failed to cure such default or to obtain an effective written waiver or revocation thereof prior to the

expiration of the applicable grace period specified in any such Principal Project Contract, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no Event of Default shall be deemed to have occurred or be continuing under this Section 17(a)(xi) if, in the case of any termination of a Principal Project Contract, the Borrower replaces such Principal Project Contract with a replacement agreement (A) entered into with another counterparty that (1) is of similar or greater creditworthiness (including credit support), technical capability and relevant experience as the counterparty being replaced was at the time the applicable Principal Project Contract was originally executed (or otherwise reasonably acceptable to the WIFIA Lender) and (2) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or District department or agency; and (B) effective as of no later than the date that is one hundred eighty (180) days after the date of termination of the Principal Project Contract being replaced.

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

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

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

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

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

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

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

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

(vi) pursuant to Section 903 (Acceleration) of the Indenture, upon the occurrence and continuance of any Event of Default (as defined in the Indenture), the Trustee may (and if requested by the holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall) declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the Outstanding WIFIA Loan Balance shall thereupon forthwith become immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement and the other WIFIA Loan Documents, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived..

(d) No action taken pursuant to this Section 17 shall relieve Borrower from its obligations pursuant to this Agreement, the WIFIA Bond or the other WIFIA Loan Documents, all of which shall survive any such action.

ARTICLE VII MISCELLANEOUS

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

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

Section 20. No Third Party Rights. The parties hereby agree that this Agreement creates no third party rights against the Borrower, the Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and the Borrower agrees to indemnify and hold the WIFIA Lender, the Servicer (if any), the Administrator, and the Government harmless, to the extent permitted by law and in accordance with Section 32 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of the WIFIA Loan, and that no third party creditor of the Borrower shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

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

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

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

Section 24. Amendments and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement shall in any event be effective without the written consent of each of the parties hereto.

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

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

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

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

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

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

Section 31. Notices. Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

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

If to Borrower: District of Columbia Water and Sewer Authority
1385 Canal St. SE
Washington, DC 20003
Attention: [____]
Email: [____]

If to Trustee: Wells Fargo Bank, N.A.
 [_____]

 [_____]

 Attention: [_____]

 Email: [_____]

Unless otherwise instructed by the WIFIA Lender’s Authorized Representative, all notices to the WIFIA Lender should be made by email to the email address noted above for the WIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by a Borrower’s Authorized Representative, with respect to notices to the Borrower, or by the WIFIA Lender’s Authorized Representative, with respect to notices to the WIFIA Lender or the Servicer. Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 31 (or in accordance with the latest unrevoked written direction from the receiving party) and (y) if given by email, when such email is delivered to the address specified in this Section 31 (or in accordance with the latest unrevoked written direction from the receiving party); provided, that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

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

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

Section 33. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the Substantial Completion Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 33. Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of the Borrower in accordance with Section 24 (*Amendments and Waivers*). The WIFIA Lender shall provide, at least sixty (60) days prior to any sale or reoffering of the WIFIA Loan, written notice to the Borrower of the WIFIA Lender's intention to consummate such a sale or reoffering; provided, however, that no such notice shall be required during the continuation of any Event of Default. The provision of any notice pursuant to this Section 33 shall not (x) obligate the WIFIA Lender to sell nor (y) provide the Borrower with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan.

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

Section 35. Termination. This Agreement shall terminate upon the irrevocable payment in full in immediately available funds by the Borrower of the Outstanding WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto; provided, however, that the indemnification requirements of Section 32 (*Indemnification*), the access and record keeping requirements of Section 14(q) (*Affirmative Covenants – Access; Records*) and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such Sections.

Section 36. Integration. This Agreement constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

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

**DISTRICT OF COLUMBIA WATER
AND SEWER AUTHORITY,**
by its authorized representative

By: _____
Name:
Title:

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

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

*[Signature Page to District of Columbia Water and Sewer Authority
Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project – WIFIA Loan Agreement]*
1576559.04B-WASSR01A - MSW

SCHEDULE I
PROJECT BUDGET ¹

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
[]		
Total Sources of Funds		
USES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
[]		
Total Uses of Funds		
Total Eligible Project Costs		
Total Project Costs		

¹ To be completed by Borrower.

SCHEDULE II
CONSTRUCTION SCHEDULE

*[To be provided by Borrower]*¹

¹ **Note to Borrower:** The schedule should clearly specify the projected substantial completion date, which should match up with the WLA's definition of "Projected Substantial Completion Date" and also be reflected accordingly in the Base Case Financial Model.

SCHEDULE III
EXISTING INDEBTEDNESS¹

A. Bonds

1.	Series [____] Bonds, issued pursuant to the [____] Series Indenture, dated [____], maturing on [____]	
2.		
3.		
4.		
5.		

B. Other System Indebtedness

1.	[____], issued pursuant to [____], dated [____], maturing on [____]	
2.		
3.		
4.		
5.		

C. Subordinate Debt

1.	Series [____] Subordinate Bonds, issued pursuant to the [____] Series Indenture, dated [____], maturing on [____]	
2.		
3.		
4.		
5.		

¹ To be completed by Borrower. All Outstanding Principal values should be as of the Effective Date.

SCHEDULE IV

WIFIA PAYMENT INSTRUCTIONS

Acceptable Methods for WIFIA Payments to EPA

Option 1 PAY.GOV

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

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

Option 2 FEDWIRE

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

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

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

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

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

1. Send checks to:

USPS Mailing Address

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

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

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

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

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

NOTE: When checks are provided as payment, you authorize the EPA to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When the EPA uses information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.

Attachment 1 – FedWire Payment Form and Instructions

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

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

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

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

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

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

For questions about the WIFIA program:

Email: wifia@epa.gov

SCHEDULE V

PROJECT DESCRIPTION

[To be provided by Borrower]

SCHEDULE 12(n)

PRINCIPAL PROJECT CONTRACTS¹

A. Existing Principal Project Contracts

Contract	Date	Parties	Description

B. Additional Principal Project Contracts

Contract	Expected Effective Date (if known)	Parties	Description

¹ To be completed by Borrower.

EXHIBIT A
FORM OF WIFIA BOND

[Draft to be provided by Borrower]

EXHIBIT B

ANTICIPATED WIFIA LOAN DISBURSEMENT SCHEDULE

<u>Federal Fiscal Year</u>	<u>Amount</u>
	\$

EXHIBIT C

FORM OF NON-DEBARMENT CERTIFICATE

The undersigned, on behalf of DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY (the “**Borrower**”), hereby certifies that the Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and hereby further confirms, based on such verification, that, to its knowledge, the Borrower and its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995):

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

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

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

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

Capitalized terms not defined herein shall have the meanings set forth in the WIFIA Loan Agreement, dated as of [_____], 2020, by and between the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency, and the Borrower.

Dated: [_____], 2020

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY¹

By: _____
Name:
Title:

¹ To be executed by Borrower’s Authorized Representative.

EXHIBIT D

REQUISITION PROCEDURES

This **Exhibit D** sets out the procedures which the Borrower agrees to follow in submitting Requisitions for the disbursement of WIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with the Project. Section 1 sets out the manner in which Requisitions are to be submitted and reviewed. Sections 2 through 4 set out the circumstances in which the WIFIA Lender may reject or correct Requisitions submitted by the Borrower or withhold a disbursement. The Borrower expressly agrees to the terms hereof, and further agrees that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Agreement, and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

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

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

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

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

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

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

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

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

APPENDIX ONE TO EXHIBIT D

FORM OF REQUISITION

United States Environmental Protection Agency¹
 1200 Pennsylvania Avenue NW
 WJC-W 6201A
 Washington, D.C. 20460
 Attention: WIFIA Director

Re: District of Columbia Water and Sewer Authority Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project (WIFIA – N18143DC)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) of the WIFIA Loan Agreement, dated as of [____], 2020 (the “**WIFIA Loan Agreement**”), by and between the DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the Borrower hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the Borrower. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

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

1.	Project name	District of Columbia Water and Sewer Authority Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project
2.	Borrower name	District of Columbia Water and Sewer Authority
3.	WIFIA reference number	WIFIA – N18143DC

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

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

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

10. The aggregate amount of all disbursements of the WIFIA Loan (including the amount requested under this Requisition but excluding any interest that is capitalized in accordance with the WIFIA Loan Agreement) does not exceed (a) the amount of the WIFIA Loan, (b) the amount of Eligible Project Costs paid or incurred by the Borrower, and (c) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule.

11. The Borrower has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs.

12. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs.

13. The Borrower has all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval has been issued and is in full force and effect (and is not subject to any notice of violation, breach or revocation).

14. Each of the insurance policies obtained by the Borrower in satisfaction of Section 14(f) (*Affirmative Covenants – Insurance*) of the WIFIA Loan Agreement is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.
15. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), (i) no Default or Event of Default and (ii) no event of default under any other Related Document and no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document, in each case, has occurred and is continuing. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since August 29, 2019.
16. The Borrower, and, to its knowledge, each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including without limitation 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.
17. The representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other Related Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).
18. Each Indenture Document and Principal Project Contract that has been delivered by the Borrower to the WIFIA Lender pursuant to Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) is complete, fully executed and in full force and effect.
19. The current estimated percentage of physical completion of the Project is [___]%. The Borrower is in compliance with Section 16(d) (*Reporting Requirements – Construction Report*) and no change has occurred since the date of the most recently delivered quarterly construction progress report that could reasonably be expected to cause a Material Adverse Effect.
20. All documentation evidencing the Eligible Project Costs to be reimbursed to the Borrower by the above-requested disbursement has been delivered by the Borrower to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement, including the details set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Lender][below:

WIFIA USE ONLY

Vendor or Contractor Name ²	Invoice Number ³	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ⁴	Activity Type ⁵	Description of Activity ⁶	Approved Amount	Notes

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

Date: _____

**DISTRICT OF COLUMBIA WATER
AND SEWER AUTHORITY⁷**

By: _____

Name:

Title: _____

² If seeking reimbursement for internal costs, enter "Internally financed activities."

³ Vendor's number indicated on the invoice sent to the Borrower.

⁴ If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

⁵ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

⁶ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

⁷ To be executed by Borrower's Authorized Representative.

APPENDIX TWO TO EXHIBIT D

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

Requisition Number [_____] is [approved in the amount of \$[_____] [approved in part in the amount of \$[_____] [not approved, for the reasons set forth in Annex A attached hereto,] by the WIFIA Lender (as defined herein) pursuant to Section 4 (*Disbursement Conditions*) of the WIFIA Loan Agreement, dated as of [____], 2020, by and between the District of Columbia Water and Sewer Authority (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”).

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

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

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

EXHIBIT E

FORM OF NON-LOBBYING CERTIFICATE

The undersigned, on behalf of the DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY (the “**Borrower**”), hereby certifies, to the best of his or her knowledge and belief, that:

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

(b) If any funds other than proceeds of the WIFIA Loan have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the WIFIA Loan, the Borrower shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

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

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

Capitalized terms not defined herein shall have the meanings set forth in the WIFIA Loan Agreement (the “**WIFIA Loan Agreement**”), dated as of [_____], 2020, by and between the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency, and the Borrower.

Dated: [_____], 2020

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY¹

By: _____
Name:
Title:

¹ To be executed by Borrower’s Authorized Representative.

EXHIBIT F
WIFIA DEBT SERVICE

[To be provided.]¹

¹ **Note to Draft:** Exhibit F to be finalized on the closing date.

EXHIBIT G-1

OPINIONS REQUIRED FROM COUNSEL TO BORROWER¹

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

(a) the Borrower is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its organization;

(b) the Borrower has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under the Related Documents to which it is a party;

(c) the execution and delivery by the Borrower of, and the performance of its respective obligations under, the Related Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action;

(d) the Borrower has duly executed and delivered each Related Document to which it is a party and each such Related Document constitutes the legal, valid and binding obligation of such party; enforceable against such party in accordance with their respective terms;

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

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

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

(h) to such counsel's knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the Borrower by or before any court, arbitrator or any other Governmental Authority in connection with the Related Documents or the Project that are pending.²

¹ **Note to Borrower:** Please provide a full draft of the counsel of the Borrower's opinion for review by the WIFIA Lender.

² Other opinions to be added as appropriate for the specific project or transaction.

EXHIBIT G-2

OPINIONS REQUIRED FROM BOND COUNSEL¹

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

(a) The Borrower has been duly created and validly exists as an independent authority of the District under and pursuant to the laws of the District (including the [*insert Borrower enabling legislation*] as amended to the date hereof) (the “**Borrower Act**”), with good right and power to issue the WIFIA Bond.

(b) The Borrower has the right and power under the laws of the District, including the Borrower Act, to enter into each of the WIFIA Loan Agreement, the WIFIA Supplemental Indenture, the WIFIA Bond and [*other agreements/Related Documents to be identified*], and each has been duly authorized, executed and delivered by the Borrower, is in full force and effect, and constitutes a legal, valid and binding agreement of the Borrower enforceable against the Borrower in accordance with its respective terms and conditions. The Indenture has been duly adopted, is in full force and effect and has not been repealed.

(c) the WIFIA Bond (i) is secured by the Pledged Collateral, (ii) is a Bond and Senior Debt entitled to the benefits of a Bond and Senior Debt under the Indenture, (iii) is enforceable under the laws of the District without any further action by the Borrower or any other Person, and (iv) is not subordinate or junior to any other Liens in respect of the Pledged Collateral, ranks *pari passu* in right of payment and right of security with all Senior Debt and senior in right of payment and right of security to all Subordinate Debt;

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

(e) all actions by the Borrower that are required for the application of Revenues as required under the Indenture and under the WIFIA Loan Agreement have been duly and lawfully made;

(f) the Borrower has complied with the requirements of District law to lawfully pledge the Pledged Collateral and use the Revenues as required by the terms of the Indenture and the WIFIA Loan Agreement; and

(g) [the Borrower is not eligible to be a debtor in either a voluntary or involuntary case under the United States Bankruptcy Code].²

¹ **Note to Borrower:** Please provide a full draft of the bond counsel opinion for review by the WIFIA Lender. The WIFIA Lender’s agreement on any draft bond counsel opinion will be subject to agreement on the Borrower’s counsel opinion, and vice versa.

² Subject to modification based on State bankruptcy law and the legal status of the Borrower as an entity under applicable bankruptcy law.

EXHIBIT H

FORM OF CERTIFICATE OF TRUSTEE

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

**WIFIA Bond,
Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project
(WIFIA – N18143DC)**

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

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

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

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

4. That the undersigned is authorized to act as Trustee and accept the trusts conveyed to it under the Indenture (“*Trusts*”), has accepted the Trusts so conveyed and in so accepting the Trusts and so acting is in violation of no provision of its articles of association or bylaws, any law, regulation or court or administrative order or any agreement or other instrument to which it is a party or by which it may be bound.

5. That attached to this Certificate as Annex [One][Two]¹ is a full, true and correct copy of excerpts from [resolutions of the board of directors][the bylaws] of the Trustee and other applicable documents that evidence the Trustee’s trust powers and the authority of the officers referred to above to act on behalf of the Trustee; and that these excerpts and other applicable documents were in effect on the date or dates such officers acted and remain in full force and effect

¹ If the Trustee’s authorizing document is the same document that sets out the incumbency signatures, refer to and attach one annex. If separate documents, refer here to and attach as a second annex.

today, and such excerpts and documents have not been amended since the date of the last amendment thereto shown on any such copy, as applicable.

6. That receipt is acknowledged of all instruments, certifications and other documents or confirmations required to be received by the Trustee pursuant to Section 305 of that certain Master Indenture of Trust (as amended from time to time, the “**Indenture**”), dated as of April 1, 1998, between the District of Columbia Water and Sewer Authority (the “**Borrower**”) and the Trustee (as successor to Norwest Bank Minnesota, N.A.).

7. That receipt is also acknowledged of that certain WIFIA Loan Agreement, dated as of [_____], 2020 (the “**WIFIA Loan Agreement**”), between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Bondholder**”).

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

9. That all funds and accounts for the payment of the WIFIA Bond pursuant to the Indenture (including, but not limited to, the [WIFIA Debt Service Account]) have been established as provided in the Indenture.

Dated: [_____], 2020

WELLS FARGO BANK, N.A.

By: _____
Name:
Title:

ANNEX ONE TO EXHIBIT H

[See attached]

EXHIBIT I

FORM OF CLOSING CERTIFICATE

Reference is made to that certain WIFIA Loan Agreement, dated as of [____], 2020 (the “WIFIA Loan Agreement”), by and among the District of Columbia Water and Sewer Authority (the “Borrower”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “WIFIA Lender”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

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

- (a) pursuant to Section 11(a)(viii), attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the Related Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 21 (*Borrower’s Authorized Representative*) of the WIFIA Loan Agreement;
- (b) pursuant to Section 11(a)(ii), the Borrower has delivered to the WIFIA Lender copies of each Indenture Document, together with any amendments, waivers or modifications thereto, that has been entered into on or prior to the Effective Date, and each such document is complete, fully executed, and in full force and effect, and all conditions contained in such documents that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled;
- (c) pursuant to Section 11(a)(iii), the Borrower has delivered to the WIFIA Lender copies of each Existing Principal Project Contract, together with any amendments, waivers or modifications thereto, and each such document is complete, fully executed, and in full force and effect;
- (d) pursuant to Section 11(a)(iv), the Borrower has delivered to the WIFIA Lender (i) a copy of the Borrower’s Organizational Documents, as in effect on the Effective Date (and certified by the Secretary of State of the District, to the extent applicable), which Organizational Documents are in full force and effect and (ii) other than the WIFIA Supplemental Indenture, all additional instruments and documents necessary for the Borrower to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents;
- (e) pursuant to Section 11(a)(viii)(1), the aggregate of all funds committed to the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are reasonably anticipated to be sufficient to carry

out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;

- (f) pursuant to Section 11(a)(viii)(2), the Borrower has obtained all Governmental Approvals necessary (i) as of the Effective Date in connection with the Project and (ii) to execute and deliver, and perform its obligations under the WIFIA Loan Documents, and each such Governmental Approval is final, non-appealable and in full force and effect (and is not subject to any notice of violation, breach or revocation);
- (g) pursuant to Section 11(a)(viii)(3), (i) the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Loan Agreement), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms of the WIFIA Loan Agreement), does not exceed eighty percent (80%) of Total Project Costs;
- (h) pursuant to Section 11(a)(viii)(4), the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project, and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such compliance;
- (i) pursuant to Section 11(a)(viii)(5), the Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;
- (j) pursuant to Section 11(a)(viii)(6), (i) the Borrower's Federal Employer Identification Number is [___], (ii) the Borrower's Data Universal Numbering System number is [___], and (iii) the Borrower has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), which confirmation is attached hereto as Annex B;
- (k) pursuant to Section 11(a)(viii)(7), the CUSIP number for the WIFIA Loan is [___];
- (l) pursuant to Section 11(a)(viii)(8), the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other Related Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;
- (m) pursuant to Section 11(a)(viii)(9), no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since August 29, 2019;

- (n) pursuant to Section 11(a)(x), none of the rating letters delivered to the WIFIA Lender pursuant to such Section 11(a)(x) has been reduced, withdrawn or suspended as of the Effective Date;
- (o) pursuant to Section 11(a)(xi), the Borrower has delivered to the WIFIA Lender the Base Case Financial Model, which (i) demonstrates that projected Revenues are sufficient to meet the Loan Amortization Schedule, (ii) demonstrates compliance with the Rate Covenant for the current Borrower Fiscal Year and each of the next ten (10) Borrower Fiscal Years, (iii) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender, (iv) demonstrates that the Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over its useful life and (v) otherwise meets the requirements of such Section 11(a)(xi); [and]
- (p) pursuant to Section 11(a)(xii), attached hereto as Annex C [are certificates of insurance][is a certificate of the Borrower's risk management department pertaining to the Borrower's self-insurance program], and such insurance certificate is true and correct and demonstrates compliance with the requirements of Section 14(f) (*Affirmative Covenants – Insurance*) of the WIFIA Loan Agreement[; and][.]
- (q) [*any other attachments and provisions to be determined*].

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

**DISTRICT OF COLUMBIA WATER AND
SEWER AUTHORITY¹**

By: _____
Name:
Title:

¹ To be executed by Borrower's Authorized Representative.

ANNEX A TO EXHIBIT I

INCUMBENCY CERTIFICATE

The undersigned certifies that he/she is the [Secretary] of the District of Columbia Water and Sewer Authority, an independent authority of the District of Columbia, (the “Borrower”), and as such he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents as the Borrower’s Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator):

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [____] day of [____], 2020.

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY,
by its authorized representative

By: _____
Name:
Title:

EXHIBIT J

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[Letterhead of Borrower]

[Date]

WIFIA Program Office
 [Insert Proper Address]
 Attention: Administrator

Project: District of Columbia Water and Sewer Authority Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project (WIFIA – N18143DC)

Dear Director:

This Certificate is provided pursuant to Section 16(h)(i)(A) (*Affirmative Covenants – Notices – Substantial Completion*) of that certain WIFIA Loan Agreement (the “WIFIA Loan Agreement”), dated as of [___], 2020, by and between the District of Columbia Water and Sewer Authority (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through its Administrator (the “**WIFIA Lender**”).

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

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

- (a) as of *[insert date Substantial Completion requirements were satisfied for the final sub-project of the Project to reach Substantial Completion]*, each sub-project of the Project (as listed in **Schedule V** (*Project Description*)) to the WIFIA Loan Agreement has satisfied each of the requirements for “Substantial Completion” set forth in the construction agreements for such sub-project, which are set forth below:

Sub-project	Construction Agreements
	<i>[Insert reference to any concession agreement, design-build or similar agreement for such sub-project]</i>

- (b) “Substantial Completion” has been declared under each of the above-referenced agreements and copies of the notices of “Substantial Completion” under such agreements are attached to this certification; and
- (c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved.

**DISTRICT OF COLUMBIA WATER AND
SEWER AUTHORITY,**

by its authorized representative

By: _____

Name:

Title:

EXHIBIT K

FORM OF QUARTERLY REPORT

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

Re: District of Columbia Water and Sewer Authority Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project (WIFIA – N18143DC)

This Quarterly Report for the period of [___] is provided pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*) of the WIFIA Loan Agreement, dated as of [___], 2020 (the “**WIFIA Loan Agreement**”), by and between the District of Columbia Water and Sewer Authority (“**the Borrower**”), and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this Quarterly Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

(i) Amount Expended

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

(ii) Construction Progress, Governmental Approvals, Updated Schedule

Assessment of overall construction progress:

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

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

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

(iii) Substantial Completion Date

Current projection for the Substantial Completion Date: _____

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

(iv) Material Problems (if any)

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

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

(vi) Other matters related to the Project

(vii) With respect to any Eligible Project Costs that have been incurred during this reporting period, the documentation evidencing such Eligible Project Costs are attached, with details set forth below, or have otherwise been submitted to the WIFIA Lender in a form satisfactory to the WIFIA Lender:

								WIFIA USE ONLY
Vendor or Contractor Name ¹	Invoice Number ²	Invoice Date	Payment Date	Invoice Amount	Potential WIFIA Requested Amount ³	Activity Type ⁴	Description of Activity ⁵	Notes

Date: _____

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY⁶

By: _____

Name: _____

Title: _____

¹ If seeking reimbursement for internal costs, enter “Internally financed activities.”

² Vendor’s number indicated on the invoice sent to the Borrower.

³ If the amount that is expected to be requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference. Note that this is for informational purposes only and does not constitute a formal request for disbursement.

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

⁵ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

⁶ To be executed by Borrower’s Authorized Representative.

EXHIBIT L

FORM OF PUBLIC BENEFITS REPORT

Pursuant to [Section 11(a)(xiii)] [and] [Section 16(e)] of the WIFIA Loan Agreement, dated as of [___], 2020 (the “**WIFIA Loan Agreement**”), by and between the District of Columbia Water and Sewer Authority (“**the Borrower**”), and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency, the Borrower is providing this Public Benefits Report in connection with the Comprehensive Infrastructure Repair, Rehabilitation and Replacement Program Project (WIFIA – N18143DC). Unless otherwise defined herein, all capitalized terms in this Public Benefits Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

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

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

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

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

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

[___].

- (iv) **The amount by which the Project will [assist the Borrower (measured by percent annually) in reducing levels of Nitrogen, Phosphorus, biochemical oxygen demand (BOD) and total suspended solids (TSS)][increase the volume of potable water produced (measured in MGD annually)][increase the volume of water recycled,**

¹ Include for both the reports delivered (i) on or prior to the Effective Date and (ii) 90 days following the Substantial Completion Date.

² Include for both the reports delivered (i) on or prior to the Effective Date and (ii) 90 days following the fifth anniversary of the Substantial Completion Date.

**recharged or redirected (measured in MGD annually)][increase Class [A][B]
biosolids (measured in tons annually)]³:**

[].

³ Include one of the bracketed items as applicable.

EXHIBIT M

INDENTURE PROVISIONS

The provisions set forth below reflect the language of the Indenture as of the Effective Date. All capitalized terms used in this exhibit and not defined herein or in the WIFIA Loan Agreement shall have the meanings set forth in the Indenture.

Section 303. Conditions for Issuing Bonds.¹

Before the issuance and authentication of any Series of Bonds by the Trustee, the Authority shall file with the Trustee the following:

(a) In the case of the initial Series of Bonds:

(1) An original executed counterpart of this Indenture;

(2) A certified copy of a resolution of the Board of Directors of the Authority' authorizing the execution and delivery of this Indenture; and

(3) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, substantially to the effect that this Indenture has been duly authorized, executed and delivered to the Trustee and is a valid, binding and enforceable obligation of the Authority.

(b) An original executed counterpart of a Supplemental Indenture which (1) shall include: (A) provisions authorizing the issuance, fixing the principal amount and setting forth the details of such Bonds, including their date, the interest rate or rates and the manner in which the Bonds are to bear and pay interest, the principal and interest payment dates of the Bonds, the purposes for which such Bonds are being issued, the manner of numbering of such Bonds, the Series designation, the denominations, the maturity dates and principal maturities, the principal amounts required to be redeemed pursuant to any mandatory redemption provisions or the manner for determining such principal amounts, any provisions for optional or extraordinary redemption before maturity, any provisions regarding the Series Debt Service Reserve Account, and whether the interest on such Bonds shall be excluded from gross income for Federal income tax purposes or subject to Federal income taxation; and (B) provisions for the application of the proceeds of such Bonds; and (2) may include: (A) provisions for credit facilities and for other funds and accounts to be established with respect to such Bonds; (B) provisions necessary or expedient for the issuance of Bonds bearing interest at a variable rate or other manner of bearing interest, including remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and converting to a fixed rate; (C) provisions for entering into Interest Rate Swaps, guarantees or other arrangements to limit interest rate risks; and (D) such other provisions as the Authority may deem appropriate.

(c) A certified copy of applicable resolution(s) of the Board of Directors of the Authority authorizing the execution and delivery of a Supplemental Indenture, the issuance, sale,

¹ Section 802 of the Twelfth Supplemental Indenture (as defined below) supplements Section 303 of the Indenture.

award, execution and delivery of such Bonds and, in the case of a Series of Bonds issued to refund Indebtedness, calling for redemption or payment of the Indebtedness to be refunded, fixing any redemption date and authorizing any required notice of redemption in accordance with the provisions of this Indenture.

(d) A certificate signed by an Authorized Representative of the Authority and dated the date of such issuance, to the effect that:

(1) Either (A) upon and immediately following such issuance, no Event of Default has occurred which has not been cured or waived, and no event or condition exists which, with the giving of notice or lapse of time or both, would become an Event of Default or (B) if any such event or condition is happening or existing, specifying such event or condition, stating that the Authority will act with due diligence to correct such event or condition after the issuance of such Bonds, and describing in reasonable detail the actions to be taken by the Authority toward such correction; and

(2) All required approvals, limitations, conditions and provisions precedent to the issuance of such Series of Bonds have been obtained, observed, met and satisfied.

(e) All policies or certificates of insurance (and any amendments to such policies) or evidence of appropriate substitute arrangements required by this Indenture in connection with the issuance of such Bonds and a certificate of the Chief Financial Officer or Authorized Representative of the Authority that all policies (and amendments) or appropriate substitute arrangements required to be in effect at that time are in full force and effect and are in such forms as necessary to comply with and satisfy all requirements of this Indenture.

(f) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, substantially to the effect that the Supplemental Indenture, for such Series of Bonds has been duly authorized, executed and delivered, is binding on the Authority and complies in all respects with the requirements of this Indenture.

(g) An opinion of Bond Counsel, subject to customary exceptions and qualifications, substantially to the effect that the issuance of such Bonds has been duly authorized, that such Bonds are valid and binding limited obligations of the Authority, and with respect to Bonds to be issued on a tax-exempt basis that the interest on such Bonds is excludable from gross income for purposes of Federal income taxation.

(h) If such Bonds are issued to pay Costs, except in the case of the initial Series of Bonds issued under this Indenture, the following:

(1) Evidence that upon issuance of such Bonds, each Series Debt Service Reserve Account within the Debt Service Reserve Fund will contain the applicable Series Debt Service Reserve Requirement; and

(2) Either (A) a certificate of the General Manager, the Chief Financial Officer or Authorized Representative of the Authority, stating that based on the Authority's financial records for any 12 consecutive months of the last 18 months (the "Test Period") prior to the issuance of such Bonds the Authority would have been able to meet the Rate Covenant in Section

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601(a), taking into account (i) the maximum Annual Debt Service on the proposed additional Series of Bonds in the current or any future Fiscal Year, and (ii) the rates, fees and other charges which are in effect and any future changes therein as have been approved by the Board of Directors of the Authority at the time of the delivery of the proposed additional Series of Bonds, or (B) a written statement of a Qualified Independent Consultant, that projects Operating Expenses, Revenues and Net Revenues for five full Fiscal Years following the date of issuance of such proposed additional Series of Bonds and that demonstrates that, on the basis of such projection, the Authority can comply with the Rate Covenant, taking into account those rates, fees and other charges which are in effect at the time of the delivery of the proposed additional Series of Bonds and any future changes therein as have been approved by the Board of Directors of the Authority at the time of the delivery of the proposed additional Series of Bonds.

(i) If any Bonds are issued to refund any Indebtedness, the following:

(1) Evidence that the Authority has made provision as required by this Indenture for the payment or redemption of all Indebtedness to be refunded;

(2) Either (A) a written determination by the General Manager, the Chief Financial Officer, or Authorized Representative of the Authority, or other evidence satisfactory to the Trustee that after the issuance of such Bonds and the provision for payment or redemption of all Indebtedness to be refunded, the Annual Debt Service requirements for each Fiscal Year in which there will be Outstanding Indebtedness not to be refunded will not increase more than 5% over what the Annual Debt Service requirements for such Fiscal Year would have been on all Senior Debt immediately prior to the issuance of such Bonds, including the Indebtedness to be refunded (if such Indebtedness was Senior Debt), and that the final maturity of Indebtedness being refunded has not been extended, or (B) a certificate of the General Manager, the Chief Financial Officer or Authorized Representative of the Authority, stating that based on the Authority's financial records for any 12 consecutive months of the last 18 months prior to the issuance of such Bonds the Authority would have been able to meet the Rate Covenant in Section 601(a), taking into account (i) the maximum Annual Debt Service on the proposed additional Series of Bonds in the current or any future Fiscal Year, but not the actual debt service on the Indebtedness to be refunded, and (ii) the rates, fees and other charges which are in effect and any future changes therein as have been approved by the Board of Directors of the Authority at the time of the delivery of the proposed additional Series of Bonds, or (C) a written statement of a Qualified Independent Consultant, that projects Operating Expenses, Revenues and Net Revenues for five full Fiscal Years following the date of issuance of such proposed additional Series of Bonds, which such projection does not include the actual debt service for any Indebtedness to be refunded, and that demonstrates that, on the basis of such projection, the Authority can comply with the Rate Covenant, taking into account those rates, fees and other charges which are in effect at the time of the delivery of the proposed additional Series of Bonds and any future changes therein as have been approved by the Board of Directors of the Authority at the time of the delivery of the proposed additional Series of Bonds.

(j) A request and authorization of the Authority, signed by the General Manager or Authorized Representative of the Authority, to the Trustee to authenticate and deliver such Bonds to the purchaser upon payment to the Trustee for the account of the Authority of a specified sum plus accrued interest to the date of delivery.

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Except for the requirements of subsection (d) of this Section (which may be waived by the purchasers of such Bonds by an instrument or concurrent instruments in writing signed by such purchasers), none of the requirements in this Section may be waived without the consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Bonds.

Section 304. Other System Indebtedness.²

(a) The Authority may incur or refinance Other System indebtedness provided that: (1) the documents relating to the Other System Indebtedness acknowledge that such debt constitutes Other System Indebtedness under this Indenture and is subject to the applicable terms and conditions hereof, specify the amounts and due dates of Annual Debt Service with respect to the Other System Indebtedness, (2) the requirements of Sections 303(h) or 303(i), as appropriate, have been met as if the Other System Indebtedness was an additional Series of Bonds, (3) the Trustee receives written notice of the issuance of the Other System Indebtedness and the material terms and conditions thereof, and the Trustee shall register the holder as owner thereof as such on its books and records, and (4) the Trustee receives an Opinion of Counsel that the documents creating the Other System Indebtedness have been duly authorized, executed and delivered on behalf of the Authority and constitute valid, binding and enforceable obligations. In connection with the incurrence of any Other System Indebtedness, the Trustee shall enter into an intercreditor arrangement with the holder of such Other System Indebtedness, the terms of which shall be determined at the time of incurrence of such Other System Indebtedness.

(b) The Authority shall fulfill its obligations under all contracts or agreements creating Other System Indebtedness as they may exist from time to time.

Section 305. Subordinate Debt.³

Notwithstanding anything in this Indenture to the contrary, the Authority may at any time issue Subordinate Debt and pledge Net Revenues thereto so long as rates, fees and charges are in effect or scheduled to go into effect to meet the Rate Covenant immediately after the issuance of such Subordinate Debt. Subordinate Debt may not be accelerated if any Senior Debt is outstanding.

Section 601. Rate Covenant⁴

(a) The Authority shall fix, charge and collect such rates, fees and other charges for the use of and the services furnished by the System and shall, from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet the following two independent requirements:

² Section 802 of the Twelfth Supplemental Indenture (as defined below) supplements Section 304 of the Indenture.

³ Section 802 of the Twelfth Supplemental Indenture (as defined below) supplements Section 305 of the Indenture.

⁴ Section 801 of the Twelfth Supplemental Indenture (as defined below) supplements Section 601 of the Indenture.

(1) Revenues, shall be sufficient in each Fiscal Year to pay (A) the actual Operating Expenses for such Fiscal Year, (B) the amount required to pay Annual Debt Service on Senior Debt in such Fiscal Year, (C) any amount necessary to be deposited in any Series Debt Service Reserve Account to restore the amount on deposit therein to the amount of the Series Debt Service Reserve Requirement, (D) the amount required to pay Annual Debt Service on Subordinate Debt in such Fiscal Year (including reserves in connection therewith and the restoration thereof), (E) any amount necessary to be deposited in the Operating Reserve Fund and the Renewal and Replacement Reserve Fund to maintain the required balances therein, and (F) any amount necessary to make any payments in lieu of taxes in such Fiscal Year.

(2) Net Revenues shall be sufficient in each Fiscal Year to be at least equal to the sum of (A) 120% of the Annual Debt Service with respect to Senior Debt for such Fiscal Year, and (B) 100% of Annual Debt Service with respect to Subordinate Debt for such Fiscal Year.

(b) If at the end of any Fiscal Year the Authority is not in compliance with the Rate Covenant, or if the Authority fails for three consecutive months to make the deposits required by Section 604 to the Interest Account and the Principal Account (or the Sinking Fund Account, as applicable) or there is a deficiency in a Series Debt Service Reserve Account for longer than three consecutive months, the Authority shall immediately request a Qualified Independent Consultant to submit a written report and recommendations with respect to increases in the Authority's rates, fees and other charges and improvements in the operations of and the services rendered by the System and the Authority's accounting and billing procedures necessary to bring the Authority into compliance with the Rate Covenant. The report and recommendations shall be filed with the Trustee and the Authority within 120 days from the date of discovery of noncompliance with the Rate Covenant. The Authority shall promptly revise its rates, fees and charges, and alter its operations and services to conform with the report and recommendations of the Qualified Independent Consultant to the extent permitted by law.

(c) If the Authority promptly revises its rates, fees, charges, operations, services and procedures in conformity with the report and recommendations of the Qualified Independent Consultant and otherwise follows such recommendations to the extent permitted by law so that the Authority is expected to be, when its actions become fully effective, in compliance with the Rate Covenant, then any failure to meet the Rate Covenant will not constitute an Event of Default under this Indenture so long as no other Event of Default has occurred and is continuing.

Section 604. Disposition of Revenues⁵

All Revenues shall be deposited in the Revenue Fund to be held by the Authority; provided, however, that upon an Event of Default, the Authority will transfer all amounts in all Authority held funds to the Trustee, and the Trustee shall hold such moneys in trust for the beneficiaries hereunder. From and after the occurrence of such Event of Default, the Authority shall deliver all Revenues to the Trustee as and when received.

⁵ Section 801 of the Twelfth Supplemental Indenture (as defined below) supplements Section 604 of the Indenture.

Prior to any such Event of Default, throughout the month but no later than the last Business Day of each month, the Authority shall transfer from the Revenue Fund to the Operating Fund an amount sufficient to pay Operating Expenses during such month. Thereafter, Net Revenues shall be disbursed on the last Business Day of each month in the following order (except that no distinction or preference shall exist in the use in an amount sufficient to make the following deposits of Net Revenues for payment into the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund, such accounts being on a parity with each other as to payment from Net Revenues):

(a) To the Bond Fund:

(1) to the subaccounts established for each Series of Bonds or Other System Indebtedness in the Interest Account, the amounts, if any, set forth in the applicable Supplemental Indentures with respect to each Series of Bonds or Other System Indebtedness; provided, however, that if such Other System Indebtedness is evidenced by documents other than a Supplemental Indenture, to the related interest accounts set forth therein, as applicable; and such deposits shall be adjusted to give credit for any other available money then in such interest account or subaccount or otherwise available and designated to be used for such purpose. Moneys in the Interest Account shall be used to pay interest required to be paid on any interest payment date related to such Series of Bonds or Other System Indebtedness, as applicable.

(2) to the subaccounts established for each Series of Bonds or Other System Indebtedness in the Principal Account and Sinking Fund Account, the amounts, if any, set forth in the applicable Supplemental Indentures with respect to each Series of Bonds or Other System Indebtedness; provided, however, that if such Other System Indebtedness is evidenced by documents other than a Supplemental Indenture, to the related principal and sinking fund accounts set forth therein, as applicable; and such deposits shall be adjusted to give credit for any other available money then in the principal or sinking fund account or subaccount or otherwise available and designated to be used for such purpose. Moneys in the Principal Account shall be used to pay principal required to be paid on any principal payment date related to such Series of Bonds or Other System Indebtedness, as applicable. Moneys in the Sinking Fund Account shall be used to pay the amount required for mandatory sinking fund redemption on the applicable redemption date related to such Series of Bonds or Other System Indebtedness, as applicable.

(b) To the applicable Account in the Debt Service Reserve Fund with respect to each Series of Bonds the amounts, if any, necessary to restore the amount on deposit therein to the related Series Debt Service Reserve Requirement; and to the extent applicable, amounts necessary to restore the amount on deposit in the debt service reserve fund related to Other System Indebtedness to the amounts required to be on deposit therein, and such amounts shall be transferred to such fund.

(c) To the Operating Reserve Fund the amounts, if any, necessary to restore the amounts on deposit therein to the Operating Reserve Requirement. Such amounts shall be funded within 24 months of withdrawal by depositing in such fund 1/24 of the Operating Reserve Requirement on the last Business Day of each month after such withdrawal, if necessary. Moneys in the Operating Reserve Fund shall be used to pay, to the extent necessary, Operating Expenses of the Authority. In addition, to the extent that moneys on deposit in the Bond Fund are

insufficient to make the required interest and principal payments, moneys in the Operating Reserve Fund shall be used prior to any withdrawal from the Debt Service Reserve Fund, to satisfy any such deficiencies.

(d) To the Renewal and Replacement Reserve Fund an amount equal to the Renewal and Replacement Reserve Requirement. Such amounts shall be funded within 24 months of the Closing Date to the extent not already deposited by depositing 1\24 of the Renewal and Replacement Reserve Requirement on the last Business Day of each month in such fund. In addition, to the extent that there has been a withdrawal from such fund, the Trustee shall deposit Net Revenues to the fund, in the amounts necessary to make the amounts on the deposit therein equal to the Renewal and Replacement Reserve Requirement. Such withdrawn amounts shall be funded within 24 months by depositing in such fund 1/24 of the Renewal and Replacement Reserve Requirement on the last Business Day of each month after such withdrawal. Moneys in the Renewal and Replacement Reserve Fund may be used to pay for any capital expenditures related to the System. In addition, to the extent that moneys on deposit in the Bond Fund and the Operating Reserve Fund are insufficient to make the required interest and principal payments, moneys in the Renewal and Replacement Reserve Fund shall be used prior to any withdrawal from the Debt Service Reserve Fund, to satisfy any such deficiencies.

(e) To the Subordinate Bond Fund, the amount equal to the deposits to such funds and Accounts required by the related Supplemental Indenture or other documents evidencing such debt. To the extent that the Subordinate Debt is issued pursuant to Subordinate Debt documents, applicable amounts shall be transferred to the respective Subordinate Debt trustee.

(f) To the applicable Account in the Subordinate debt service reserve fund with respect to each Subordinate Debt issue the amounts, if any, necessary to restore the amount on deposit therein to the related Subordinate debt service reserve requirement. To the extent that the Subordinate Debt is issued pursuant to Subordinate Debt Documents, applicable amounts shall be transferred to the respective Subordinate Debt trustee.

(g) To the System Fund, any moneys remaining in the Revenue Fund after all deposits and transfers required by subsections (a) through (f) of this Section have been made. Moneys in the System Fund may be used for any authorized purpose. On the following dates, moneys on deposit in the System Fund shall be used to make the following payments:

(1) On each May 15, commencing May 15, 1998, and quarterly thereafter, to the District to make the payment in lieu of taxes required by the District MOU relating to the PILOT;

(2) On September 1, 1998, an amount retained by the Authority in the System Fund necessary to satisfy the Cash Reserve Requirement; and

(3) On each September 1, commencing September 1, 1999:

(a) An amount to the District to make those certain principal and interest prepayments related to the District General Obligation Bonds pursuant to the District MOU relating to the Payment of General Obligation Debt; and

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(b) An amount retained by the Authority in the System Fund necessary to satisfy the Cash Reserve Requirement; and

(4) At any time to the Rate Stabilization Fund, the amount that the General Manager may determine, in his discretion to transfer to the Rate Stabilization Fund.

With respect to the prepayments to the District set forth in Section 604(g)(3)(a) above, if the Authority does not have Net Revenues sufficient to make such payment on September 1 of such fiscal year, the Authority must make such payment no later than November 1 of such fiscal year. The failure to make such payment prior to November 1 of such fiscal year shall not constitute an Event of Default under this Indenture.

The Authority shall provide the Trustee with a monthly certificate which certifies that the transfers required by subsections (c), (d) and (g) have been made and the respective balances of such funds. If the Authority fails to make the transfers required by subsections (a) through (g) of this Section, the Trustee shall give notice of such failure to the Authority within 10 days of such failure. Notwithstanding anything in this Indenture to the contrary, at any time that the Authority is required to make transfers pursuant to subsections (a) through (g) of this Section, and there are insufficient Net Revenues to make all required transfers pursuant to such subsections, the Authority shall make the transfers in the order set forth above first from Net Revenues, then from any other legally available monies.

In the event the balance on deposit in the Principal Account, Sinking Fund Account or the Interest Account is insufficient for the purposes thereof, the Authority shall transfer to the Trustee for deposit in such Accounts such amounts as may be necessary therefor first from the Operating Reserve Fund, second from the Renewal and Replacement Fund, and then from the applicable Series Debt Service Reserve account pursuant to Section 606.

The Trustee shall provide for a mandatory sinking fund redemption of any Term Bonds in accordance with the schedules set forth in the Supplemental Indenture for such Bonds; provided, however, that on or before the 70th day next preceding any such sinking fund payment date, the Authority may:

(1) deliver to the Trustee for cancellation Term Bonds of the maturity required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(2) instruct the Trustee to apply a credit against the Authority's next sinking fund redemption obligation for any such Term Bonds that previously have been redeemed (other than through the operation of the sinking fund) and canceled but not theretofore applied as a credit against any sinking fund redemption obligation.

Upon the occurrence of any of the events described in the subsections (1) or (2) of this Section, the Trustee shall credit against the Authority's sinking fund redemption obligation on the next sinking fund payment date the amount of such Term Bonds so delivered or previously redeemed. Any principal amount of such Term Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date shall be similarly credited in such order as may be determined by the Authority against future payments to the Sinking Fund Account and shall similarly reduce the principal amount of the Term Bonds of the applicable Series to be

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redeemed on the next sinking fund payment date. Within seven days of receipt of such Term Bonds or instructions to apply as a credit, any amounts remaining in the Sinking Fund Account in excess of the amount required to fulfill the remaining required sinking fund redemption obligation on the next sinking fund payment date shall be used in such manner as determined at the direction of the Authority.

In the event the amount on deposit in the Interest Account on any interest payment date shall exceed the amount required to pay interest on the Senior Debt on the next interest payment date, the Authority shall, if the amount on deposit in any Series Debt Service Reserve Account is less than the applicable Series Debt Service Reserve Requirement, instruct the Trustee to transfer such excess to any Series Debt Service Reserve Account to the extent of such deficiency, and otherwise retain any remaining excess in the Interest Account or instruct the Trustee to transfer any remaining excess to the related Principal Account to be credited against subsequent required deposits thereto, as determined by the Authority.

In the event the amount on deposit in the Principal Account or Sinking Fund Account on any principal or mandatory redemption payment date shall exceed the amount required on such date to pay Bonds at maturity or to redeem Term Bonds pursuant to mandatory sinking fund requirements, the Authority shall, if the amount on deposit in any Series Debt Service Reserve Account is less than the applicable Series Debt Service Reserve Requirement, instruct the Trustee to transfer such excess to the Series Debt Service Reserve Account to the extent of such deficiency, and otherwise retain such excess in the Principal Account or instruct the Trustee to transfer such excess to the Interest Account to be credited against subsequent required deposits thereto, as determined by the Authority.

Twelfth Supplemental Indenture Provisions impacting Sections 303-305, 601 and 604 of the Indenture

The Twelfth Supplemental Indenture of Trust, dated October 27, 2010 (the “**Twelfth Supplemental Indenture**”), between the Borrower and the Trustee supplemented and amended the Indenture with respect to Sections 303-305, 601 and 604 of the Indenture. The below provisions reflect the language of the Twelfth Supplemental Indenture.

Section 801. Deposit and Crediting of Direct Payments.

Pursuant to clauses (a), (b), (c) and (g) of Section 1001 of the Master Indenture, from and after the date of this Twelfth Supplemental Indenture, the Indenture shall provide as follows regarding Direct Payment BABs and Direct Payments:

(a) Upon receipt of any Direct Payment, the Authority or the Trustee shall cause it to be deposited (i) in the appropriate subaccounts in the Interest Account in the Bond Fund if such Direct Payment relates to Bonds or Other System Indebtedness, and (ii) in the appropriate subaccount in the Subordinate Interest Account in the Subordinate Bond Fund if such Direct Payment relates to Subordinate Debt, and shall cause it to be applied solely to the purposes to which the Indenture permits funds in such subaccount, account and fund to be applied.

(b) For purposes of determining the Authority’s compliance with the Rate Covenant (but not for the purposes of Section 303 of the Master Indenture), the amount of any Direct

Payment received by the Authority or the Trustee in any Fiscal Year shall be credited against (i) Annual Debt Service on Senior Debt in such Fiscal Year if such Direct Payment related to Senior Debt or (ii) Annual Debt Service on Subordinate Debt in such Fiscal Year if such Direct Payment related to Subordinate Debt

Section 802. Treatment of Direct Payments for Purposes of Additional Bonds Test.

Subject to the requirement of Section 1002 of the Master Indenture for obtaining the consent of the holders of not less than a majority in aggregate principal amount of Outstanding Bonds to certain amendments to the Master Indenture, the following new Section 306 shall be added to the Indenture:⁶

Section 306. Direct Payments

For the purposes of computing Annual Debt Service on any Direct Payment BABs, or other Indebtedness as to which Direct Payments are expected to be made (whether such Direct Payment BABs or other Indebtedness were previously issued or are proposed to be issued by the Authority) in connection with any proposed issuance of Bonds under Section 303, Other System Indebtedness under Section 304, or Subordinate Debt under Section 305, the amount of any Direct Payment expected to be received by the Authority or the Trustee in the then current or any future Fiscal Year shall be credited against the Annual Debt Service on such Direct Payment BABs or other Indebtedness.

“**Direct Payment**” means a credit payment allowed pursuant to Section 54AA(g) of the Code with respect to Direct Payment BABs that is payable to the Authority by the U.S. Treasury, as provided in Section 6431 of the Code, or any other payment by the U.S. Treasury to the Authority to subsidize or reimburse the Authority for all or a portion of the interest cost that the Authority may incur on Indebtedness that qualifies for such payment under any successor or substantially similar program to Direct Payment BABs.

“**Direct Payment BABs**” means Indebtedness that constitutes “Build America Bonds” within the meaning of Section 54AA(d) of the Code and that are qualified bonds within the meaning of Section 54AA(g), the interest on which is includible in gross income for federal income tax purposes and with respect to which the Authority shall have made an irrevocable election to receive one or more Direct Payments.

⁶ **Note to Borrower:** Please confirm that the required Bondholder consent was received with respect to the addition of Section 306 to the Indenture pursuant to the Twelfth Supplemental Indenture, and that such amendment is effective.

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT MODIFICATION AND EXERCISE OPTION YEAR
MERCHANT CREDIT/DEBIT CARD PROCESSING SERVICES
(Non-Joint Use – Indirect Cost)**

Approval to execute a modification for the current option year one in the amount of \$257,350.00 and exercise option year two in the amount of \$2,567,520.00 for the Merchant Credit/Debit Card Processing Services contract for a total of \$2,824,870.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Bank of America Merchant Services 5565 Glenridge Connector, Suite 2000 Atlanta, GA 30342	N/A	N/A

DESCRIPTION AND PURPOSE

Original Contract Value:	\$720,000.00
Original Contract Dates:	01-01-2019—12-31-2019
No. of Option Years in Contract:	2
Contract Modification No. 1 Value:	\$755,000.00
Contract Modification No. 1 Dates:	08-01-2019—12-31-2019
Option Year 1 Value:	\$1,567,500.00
Option Year 1 Dates:	01-01-2020—12-31-2020
Contract Modification No. 2 Value:	\$257,350.00
Contract Modification No. 2 Dates:	10-01-2020—12-31-2020
Option Year 2 Value:	\$2,567,520.00
Option Year 2 Dates:	01-01-2021—12-31-2021

Purpose of the Contract:

Contract to provide merchant credit/debit card processing services.

Contract Scope:

This contract includes electronic authorization, data capture and settlement services for all VISA, MasterCard and Discover credit and/or debit transactions generated by DC Water for processing of monthly residential and commercial water bills, sewer bills and permit bills.

Contract Option/Modification:

Execute a contract modification in the amount of \$257,350.00 for the current option year to cover on-going increases in interchange fees, the use of corporate and reward cards by commercial customers and payment aggregators and exercise of option year two in the amount of \$2,567,520.00 for a total of \$2,824,870.00.

Spending Previous Year:

Cumulative Contract Value:	01-01-2019 - 12-31-2020: \$3,042,500.00
Cumulative Contract Spending:	01-01-2019 – 11-02-2020: \$2,675,803.87



**D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
FINANCE & BUDGET
DECEMBER COMMITTEE MEETING**

**Tuesday, December 15, 2020; 11:00 a.m.
DC Water Headquarters
1385 Canal Street, SE, DC
AGENDA**

Call to Order	Chairperson
November 2020 Financial Report	Chief Financial Officer
Agenda for January 2021 Committee Meeting	Chairperson
Adjournment	Chairperson

*Detailed agenda can be found on DC Water’s website at www.dewater.com/about/board_agendas.cfm