

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

*Special Meeting of the
Finance and Budget Committee*

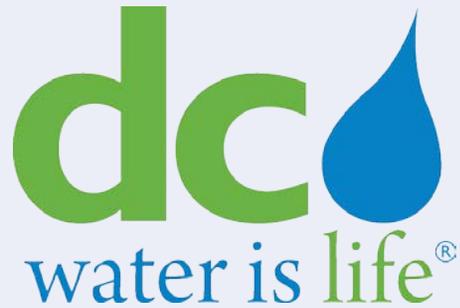
Thursday, April 2, 2020

8:45 a.m.

202-753-6714 Conf. ID 505 741 154#
(via Microsoft teams)

1. **Call to Order**.....David Franco, Vice Chairperson
2. **Roll Call**.....Linda Manley, Board Secretary
3. **Refund Series 2012 A/C Bonds – Forward Direct Purchase (Attachment 1)**.. Dan Hartman, Public Financial Management
4. **Action Items**..... Matthew T. Brown
 - A. Refund Series 2012 A/C Bonds – Forward Direct Purchase
 1. **Resolution to Series 2022 A Bonds (Attachment 2)**
 2. **27th Supplemental Indenture (Attachment 3)**
 3. **Term Loan Agreement (Attachment 4)**
 4. **Escrow Agreement (Attachment 5)**
5. **Executive Session***
6. **Adjournment**

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.



ATTACHMENT 1



Finance & Budget Committee Update

Opportunity to Refund Series 2012A/C Bonds for Savings via Forward Direct Purchase (Updated)

April 2, 2020

PFM Financial Advisors LLC

4350 N. Fairfax Drive
Suite 580
Arlington, VA 22203

703.741.0175
pfm.com

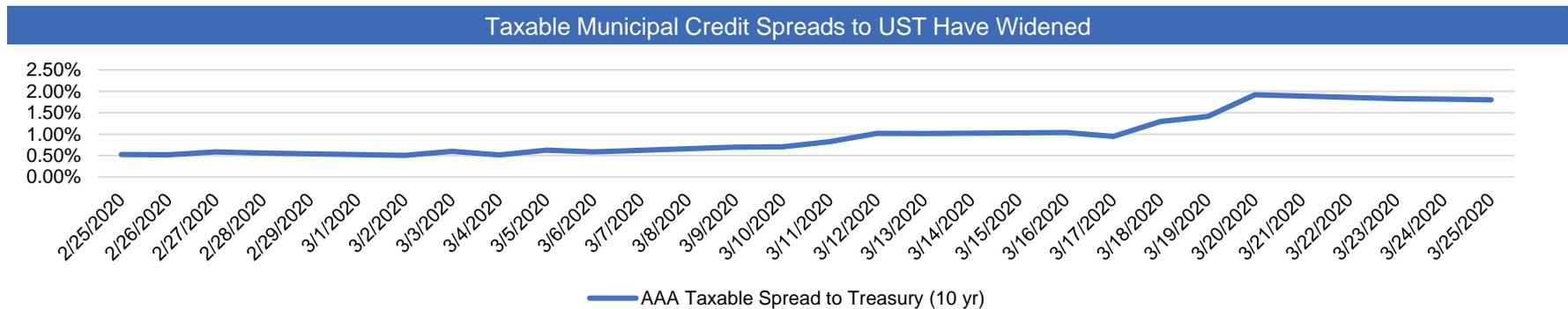
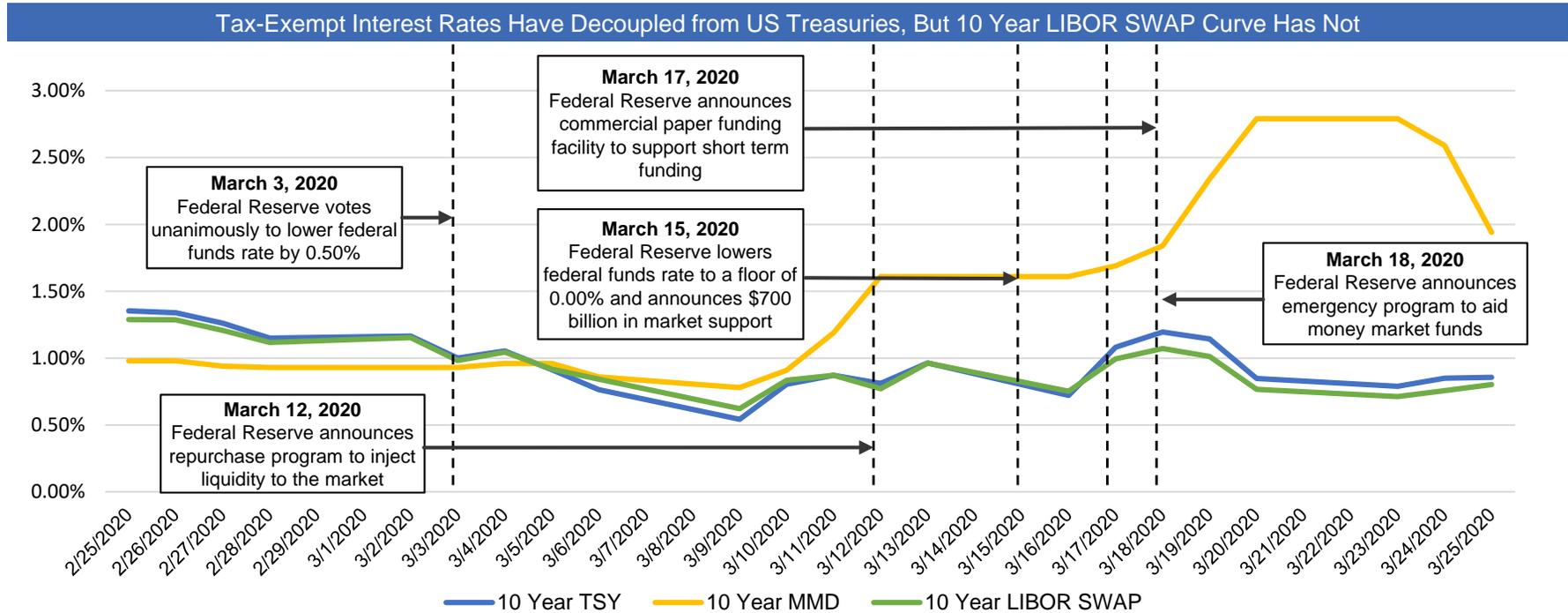


Overview of Series 2012A/C Refunding Opportunity

- ◆ **DC Water has an opportunity to generate significant present value refunding savings of approximately \$53 million (18% of refunded par) by pursuing a Forward Direct Purchase to refund \$290 million of Series 2012A/C Bonds**
- ◆ DC Water evaluated options for refunding of Series 2012A/C Bonds callable on 10/1/2022 given interest rate movements since mid-January
- ◆ As a result of process initiated on February 28, DC Water received and evaluated proposals from full Board-approved underwriting pool, falling into three general categories – each of which generated similar levels of savings at the time:
 - Taxable Advance Refunding in capital markets
 - Tax-Exempt Forward Refunding in capital markets
 - Forward Direct Purchase / Private Placement directly with a bank
- ◆ Dislocation in capital markets has dramatically increased underlying indexes and credit spreads related to any capital markets transaction to the point where current levels are well below DC Water's savings targets for refunding of Series 2012A/C Bonds
 - Forward Direct Purchase options through bank funding (indexed to the LIBOR interest rate curve) have not dislocated from prior levels and have maintained economics at relatively the same levels
- ◆ DC Water has negotiated terms for a Term Loan Agreement with an affiliate of JP Morgan, and is requesting F&B Committee referral to Board for approval
 - In addition to meeting savings goals, DC Water selected JP Morgan on the basis of their status as member of senior underwriting pool, unique commitment to lock credit spreads, and ability to execute without ratings or a full disclosure document at pricing or closing



Significant Borrowing Cost Changes Since February





Advantages and Considerations for Forward Direct Purchase

- ◆ Forward Direct Purchase (via bank funding) can be executed with greater speed than a capital markets transaction (within 30 days, subject to Board approval) and with minimal documentation
 - No ratings or disclosure document required
- ◆ Upfront costs for Forward Direct Purchase are lower than a capital markets transaction, but must be initially funded either via budgetary funds or an issuance of commercial paper (to be repaid with loan proceeds in 2022)
 - No ratings or disclosure fees, no underwriting or origination fees (included in loan rate)
- ◆ Risk profile for a Forward Direct Purchase is different from capital markets transaction with a traditional settlement period (ie, taxable advance refunding)
 - Lender has certain “outs” during initial 27-month closing period that allow them to terminate the agreement without funding loan, including:
 - After funding in July 2022, additional events of default apply through maturity, which would cause bonds to bear Default Rate of 10.5% but not be accelerated
 - Should Lender terminate agreement for a permitted reason, DC Water may owe a breakage fee to reimburse Lender for losses related to the agreement
 - Longer settlement period increases counterparty risk



Status of Process and Negotiations with JP Morgan

- ◆ Since regular DC Water Finance & Budget Committee meeting on March 26, DC Water has continued to negotiate key terms of a Term Loan Agreement with an affiliate of JP Morgan
- ◆ In negotiations with JP Morgan, DC Water has sought to mitigate risks incurred by the Authority
 - Eliminated Increased Cost provision, whereby DC Water would be responsible for any costs incurred by the Lender as a result of future change in law or regulations
 - Verifiable calculation for any Breakage Fee, which is based on JP Morgan cost of funding and is zero unless index interest rates go down (only due upon occurrence of a covered event)
 - Consolidation of Loan Rate Agreement with Term Loan Agreement
- ◆ Credit approval has been obtained, with due diligence process expected to be completed in the next several days
- ◆ No ratings or disclosure document required
- ◆ Pending Finance & Budget Committee review and Board Approval, DC Water can be in a position to sign agreement as early as the week of April 6, 2020



Allocation and Mitigation of Notable Risks

Prior to Forward Delivery Date of July 5, 2022			
Risk	Responsible Party	DC Water Mitigant	DC Water Financial Risk
Change in Law Affecting Validity of the Bonds	DC Water	Same risk profile in capital markets	Breakage Fee
Change in Law Eliminating Tax Exemption	DC Water	Same risk profile in capital markets	Breakage Fee
Change in Law Reducing Value of Tax Exemption	Lender	-	-
Subordinate Lien Rating Downgrade / Withdrawal (below "A" level)	DC Water	Control over revenues and expenditures	Breakage Fee
Material Adverse Change to Financial Condition	DC Water	Deliver "worst case" COVID-19 scenario to JP Morgan	Breakage Fee
Counterparty Risk to DNT Asset Trust (an affiliate of JP Morgan Chase Bank, N.A.)	DC Water	Counterparty controlled by JPMorgan Chase Bank, N.A., a highly rated, systemically important financial institution	Failed Delivery
After Delivery Date of July 5, 2022			
Risk	Responsible Party	DC Water Mitigant	DC Water Financial Risk
Determination of Taxability (based on action or inaction of DC Water)	DC Water	DC Water control (based on action or inaction of DC Water); Same risk profile in capital markets	Increase in interest cost of 26.582%
Determination of Taxability (based on Change in Law)	DC Water	Would impact municipal issuers across the country; Same risk profile in capital markets	Increase in interest cost of 26.582%
Other Tax Law Change (Reduction of Value of Tax Exemption)	Lender	-	-
Lender Realizes Increased Costs	Lender	-	-
Subordinate Lien Rating Downgrade / Withdrawal (below "BBB-" level)	DC Water	Control over revenues and expenditures	Default Rate of 10.5%



Savings Generated by Forward Direct Purchase Refunding

Savings Summary

- Over \$64 million in gross cashflow savings can be achieved (>\$50 million present value)
- Significantly greater savings than capital markets options
- Forward Direct Purchase does not afford ability to accelerate savings prior to FY2022

Refunding Candidates

- All callable bonds from Series 2012A/C
- Refunded Bonds call date of 10/1/2022

Assumptions

- Does not account for upfront costs of issuance due at closing (FY2020) that will not be funded via loan proceeds
- Issued as Subordinate Lien Bonds
- Structured for level aggregate savings
- Interest rates as of March 25, 2020
- Gross funded escrow from July 5, 2022 to October 1, 2022
- Par coupon structure; par call on 10/1/2032
- PV at Arb Yield of to 4/14/2020

Forward Direct Purchase Refunding Results

Delivery Date:	7/5/2022
Refunding Par (\$):	294,560,000
Refunded Par (\$):	290,590,000
NPV Savings (\$):	53,181,122
NPV Savings as % :	18.30%
TIC:	2.04%

Alternative 1 – Taxable Advance Refunding

Delivery Date	5/1/2020
Refunding Par (\$):	325,460,000
Refunded Par (\$):	290,590,000
NPV Savings (\$):	30,147,821
NPV Savings as % :	10.37%
TIC:	2.44%

Alternative 2 – Public Forward Refunding

Delivery Date	7/5/2022
Refunding Par (\$):	259,430,000
Refunded Par (\$):	290,590,000
NPV Savings (\$):	33,762,997
NPV Savings as % :	11.62%
TIC:	2.93%

Forward Direct Purchase Savings Profile

FY	Prior Net Cashflow (\$)	Refunding DS (\$)	Savings (\$)
2020	-	-	-
2021	-	-	-
2022	3,467,699	-	3,467,699
2023	20,085,950	15,823,260	4,262,690
2024	45,083,250	40,823,754	4,259,496
2025	32,535,500	28,271,068	4,264,432
2026	32,433,750	28,172,376	4,261,375
2027	29,552,500	25,292,345	4,260,156
2028	29,553,500	25,290,525	4,262,975
2029	33,877,250	29,616,795	4,260,455
2030	33,875,250	29,613,418	4,261,832
2031	33,870,500	29,609,218	4,261,282
2032	33,870,000	29,610,350	4,259,650
2033	33,873,500	29,610,323	4,263,177
2034	12,911,250	8,649,843	4,261,407
2035	12,910,750	8,650,847	4,259,903
2036	12,907,500	8,647,680	4,259,820
2037	1,055,250	-	1,055,250
(\$)	401,863,399	337,681,801	64,181,598



Financing Schedule

- ◆ **April 2, 2020** – Request Finance & Budget Committee review and recommendation for approval
- ◆ **April 2, 2020** – Request DC Water Board approval of transaction
- ◆ **Week of April 6, 2020** – Enter Term Loan Agreement with JP Morgan and Initial Closing
- ◆ **July 5, 2022** – Funding and Delivery of Bonds / Tax Opinion
- ◆ **October 1, 2022** – Call date on Series 2012A/C Bonds

Presented and Adopted: April 2, 2020

Subject: Authorizing the 2020 Term Loan Agreement and
the Sale and Setting Terms and Details
of the Series 2022A Subordinate Refunding Bonds

#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 April 2, 2020, upon consideration of a non-joint use matter, decided by a vote of _____ () in favor and _____ () opposed, to authorize and approve the 2020 Term Loan Agreement (as defined below) including the sale of the Authority's Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A (the "Series 2022A Subordinate Refunding Bonds"), 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-six (26) 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 has heretofore issued, inter alia, the Public Utility Subordinate Lien Revenue Bonds, Series 2012A (the "Series 2012A Subordinate Bonds") and the Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2012C (the "Series 2012C Subordinate Bonds" and, together with the Series 2012A Subordinate Bonds, the

"Series 2012 Subordinate Bonds");

WHEREAS, the Authority now intends to: (i) enter into the 2020 Term Loan Agreement in connection with the Series 2022A Subordinate Refunding Bonds; (ii) issue the Series 2022A Subordinate Refunding Bonds to: (a) refund all of the Authority's outstanding Series 2012 Subordinate Bonds; and (b) pay certain costs of issuance; (iii) designate the Series 2022A Subordinate Refunding Bonds as Subordinate Debt for purposes of the Indenture; and (iv) secure the Series 2022A Subordinate 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 Finance and Budget Committee met on April 2, 2020, to review the 2020 Term Loan Agreement transaction and the issuance of the Series 2022A Subordinate Refunding Bonds 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 Twenty-Seventh 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:

"2020 Term Loan Agreement" means the Term Loan Agreement between the Authority and DNT Asset Trust, an affiliate of JPMorgan Chase Bank, N.A., to be dated no later than May 31, 2020.

"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.

"DNT Asset Trust" means DNT Asset Trust, a Delaware statutory trust and an affiliate of JPMorgan Chase Bank, N.A., or any other wholly-owned affiliate of JPMorgan Chase Bank, N.A.

"Escrow Agent" means the Trustee as Escrow Agent.

"Escrow Agreement" means the Escrow Agreement, dated the same date as the Series 2022A Subordinate Refunding Bonds, between the Authority and the Escrow

Agent, providing for the Refunded Bonds to be deemed paid and no longer Outstanding under the Indenture.

“Financial Advisor” means PFM Financial Advisors LLC and Sustainable Capital Advisors.

“Interest Payment Dates” means for the Series 2022A Subordinate Refunding Bonds, each April 1 and October 1, commencing on October 1, 2022 as the first Interest Payment Date, and thereafter during the time the Series 2022A Subordinate Refunding Bonds are Outstanding.

“Refunded Bonds” means any Outstanding Series 2012 Subordinate Bonds to be caused to be deemed paid and no longer Outstanding under the Indenture as the result of the deposit of proceeds of the Series 2022A Subordinate Refunding Bonds and any other funds in escrow under the Escrow Agreement and identified as the Refunded Bonds in the 2020 Term Loan Agreement.

“Refunding Savings Threshold” means that, as the result of the refunding of the Refunded Bonds with proceeds of Series 2022A Subordinate Refunding Bonds and any other legally available funds, the Authority will achieve an aggregate reduction in bond debt service that has a present value at the time of sale of the Series 2022A Subordinate Refunding Bonds equal to at least ten percent (10%) of the aggregate principal amount of the Refunded Bonds.

“Supplemental Indenture” means the Twenty-Seventh Supplemental Indenture of Trust by and between the Authority and the Trustee, dated as of the same date as, and relating to, the Series 2022A Subordinate Refunding Bonds

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 2022A Subordinate Refunding Bonds. The Authority is authorized to (a) enter into the 2020 Term Loan Agreement relating to the Series 2022A Subordinate Refunding Bonds and pay any fees, costs and expenses relating thereto; and (b) issue, sell and deliver, as provided in this Resolution and the 2020 Term Loan Agreement, bonds, which shall be designated "Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A," or such other designation as approved by an Authorized Official, and constitute Subordinate Debt under the Indenture, for the following purposes: (i) refunding the Refunded Bonds and causing them to be deemed paid and no longer Outstanding for purposes of the Indenture ; and (ii) paying issuance costs of the Series 2022A Subordinate Refunding Bonds (including the fees and costs of any escrow bidding agent or verification agent engaged pursuant to Section 6); provided, however, that before an Authorized Official executes the 2020 Term Loan Agreement, the Authority's Financial Advisor shall have

given the Authority a written certification that identifies the Refunded Bonds and determines that the Authority's issuance and sale of the Series 2022A Subordinate Refunding Bonds on the terms set forth in the 2020 Term Loan Agreement and the application of the proceeds of the Series 2022A Subordinate Refunding Bonds and any other legally available funds to refund the Refunded Bonds identified in the Financial Advisor's certificate, will meet the Refunding Savings Threshold. The proceeds from the sale of the Series 2022A Subordinate Refunding Bonds shall be allocated and deposited for those purposes and as provided in the Supplemental Indenture.

Section 3. Terms and Provisions Applicable to the Series 2022A Subordinate Refunding Bonds.

(a) Form, Transfer and Exchange. The Series 2022A Subordinate Refunding Bonds: (i) shall initially be issued only in fully registered form and substantially in the forms attached as an exhibit to the Supplemental Indenture; and (ii) shall not be transferable or exchangeable except as provided in the Supplemental Indenture.

(b) Denominations and Dates. The Series 2022A Subordinate Refunding Bonds shall be dated as of the date of their issuance and delivery, but in no event later than the outside date specified in the 2020 Term Loan Agreement. There shall be a single Series 2022A Subordinate Refunding Bond representing each interest rate for each maturity or mandatory principal payment date, as applicable, of the Series 2022A Subordinate Refunding Bonds bearing the same series or subseries designation.

(c) Principal Maturities. The principal of the Series 2022A Subordinate Refunding Bonds shall be paid in such amounts on each mandatory principal amortization date as set forth in in the 2020 Term Loan Agreement.

(d) Interest Rates and Interest Rate Periods for the Series 2022A Subordinate Refunding Bonds. The Series 2022A Subordinate Refunding Bonds shall bear interest on their unpaid principal amount payable on each Interest Payment Date, commencing on the first Interest Payment Date, at such fixed rates per annum as specified in the 2020 Term Loan Agreement; provided, however, that the "true interest cost" (i.e., interest cost on bonds defined as the rate, compounded semiannually, necessary to discount the amounts payable on the respective interest and principal payment dates to the purchase price received for the bonds) on the Series 2022A Subordinate Refunding Bonds shall not exceed a rate that would cause the Refunding Savings Threshold not to be achieved. The principal of the Series 2022A Subordinate Refunding Bonds shall be paid in such amounts on each principal amortization date as specified in the 2020 Term Loan Agreement; provided that the principal retirement schedule shall be consistent with the achievement of the Refunding Savings Threshold.

(e) Optional Redemption. On and after October 1, 2032, the Series 2022A Subordinate Refunding Bonds shall be subject to redemption at par prior to their stated maturities, at the option of the Authority, on any date from any source of available funds, as a whole or in part.

In the event that the Series 2022A Subordinate Refunding Bonds are subject to redemption prior to October 1, 2032 for any reason (provided that the Series 2022A Subordinate Refunding Bonds are not subject to optional redemption prior to October 1, 2032) other than with respect to the principal maturities described in Section 3(c) above, the Authority shall be obligated to pay a breakage fee, if applicable, as specified in Section 2.9 of the 2020 Term Loan Agreement.

(f) Redemption Provisions. Redemption of Series 2022A Subordinate Refunding Bonds shall be effected in accordance with Article IV of the Master Indenture.

(g) Places and Manner of Payment. The principal of and the interest and any redemption premium on the Series 2022A Subordinate Refunding Bonds shall be payable at the places and in the manner specified in the Supplemental Indenture.

(h) Execution. The Authorized Officials are, and each of them is, authorized and directed to execute the Series 2022A Subordinate Refunding Bonds, and the Secretary of the Board is authorized and directed to affix the seal of the Authority to the Series 2022A Subordinate Refunding Bonds and to deliver them to the Trustee for authentication in accordance with the Indenture.

Section 4. Sale of Series 2022A Subordinate Refunding Bonds.

(a) General. The Series 2022A Subordinate Refunding Bonds shall be sold to DNT Asset Trust in accordance with the 2020 Term Loan Agreement.

(b) 2020 Term Loan Agreement and Loan Rate Agreement. The Authorized Officials are, and each of them is, authorized and directed to execute and deliver the 2020 Term Loan Agreement and the Loan Rate Agreement each between the Authority and DNT Asset Trust, substantially in the forms 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 2020 Term Loan Agreement and the Loan Rate Agreement by such Authorized Official. The price for and terms of the Series 2022A Subordinate Refunding Bonds and the sale thereof, all as provided in this Resolution, the 2020 Term 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 DNT Asset Trust the

certificates required by the 2020 Term Loan Agreement to be executed on behalf of the Authority.

(d) Delivery of Bonds. The Authorized Officials are, and each of them is, authorized and directed to make the necessary arrangements with DNT Asset Trust to establish the date, location, procedure and conditions for the delivery of the Series 2022A Subordinate Refunding Bonds to DNT Asset Trust. The Authorized Officials are, and each of them is, further authorized and directed to make the necessary arrangements for the printing of the Series 2022A Subordinate Refunding Bonds, and the execution, authentication and delivery of the Series 2022A Subordinate Refunding Bonds, 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. Allocation of Proceeds of the Series 2022A Subordinate Refunding Bonds; Tax Covenants.

(a) Allocation of Proceeds of the Series 2022A Subordinate Refunding Bonds. The proceeds from the sale of the Series 2022A Subordinate Refunding Bonds shall be allocated, deposited and credited for the purposes approved in this Resolution and as specified in the Supplemental Indenture.

(b) Tax Covenants. The Board authorizes the Authorized Officials to approve the tax covenants, authorizations and agreements necessary to achieve and maintain the tax-exempt status of the Series 2022A Subordinate Refunding Bonds

Section 6. Supplemental Indenture and Other Documents. The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2022A Subordinate Refunding Bonds, 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 are, and each of them is, authorized in connection with the issuance of the Series 2022A Subordinate Refunding Bonds, to execute, acknowledge and deliver in the name of and on behalf of the Authority, the Escrow Agreement, 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 Official executing the document on behalf of the Authority. If an Authorized Official determines that it is in the Authority's best interest to authorize the purchase of open-market securities in connection with the refunding of the Refunded Bonds, PFM Asset Management LLC shall be the Authority's agent for the purchase of such securities. With respect to the Escrow Agreement and to the extent any escrow securities are to be purchased thereunder, an Authorized Official shall

designate an independent firm experienced in the preparation of verification reports to verify or certify such escrow securities to be of such maturities and interest payment dates, and to bear such interest, as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient together with any cash deposited with and to be retained in that form by the Escrow Agent, to pay the principal of and interest and any premium on the Refunded Bonds, on their respective maturity or redemption date or dates, as provided in the Escrow Agreement.

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 2022 Subordinate Refunding Bonds 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 2020 Term Loan Agreement, the Indenture, the Supplemental Indenture, the Escrow Agreement 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 2022A Subordinate Refunding Bonds 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 7. Provision of Information. The Authorized Officials are, and each of them is, authorized to compile, prepare and deliver to DNT Asset Trust any documents and information that DNT Asset Trust may reasonably request in lieu of receiving an official statement or other offering memorandum and that an Authorized Official determines is appropriate to provide to DNT Asset Trust.

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 DNT Asset Trust a true and certified transcript of all proceedings relating to the authorization and issuance of the Series 2022A Subordinate Refunding Bonds along with other information as is necessary or proper with respect to the Series 2022A Subordinate Refunding Bonds.

This Resolution is effective immediately.

Secretary to the Board of Directors

SPB DRAFT 3/31/20

TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

between

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

and

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

Dated [], 2022

THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST dated the [] day of [], 2022 (as defined in more detail below, the “**Twenty-Seventh 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, and the Twenty-Sixth 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, (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 2001 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 2001 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 2001 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 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, the Authority now intends to: (i) enter into the 2020 Term Loan Agreement in connection with the Series 2022A Subordinate Refunding Bonds (as defined herein); (ii) issue its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A (the “Series 2022A Subordinate Refunding Bonds”) in the aggregate principal amount of \$[] to (a)(I) refund all of its outstanding Series 2012A Subordinate Bonds and Series 2012C Subordinate Bonds (collectively, the “Refunded Bonds”); and (II) pay certain costs of issuance, (ii) designate the Series 2022A Subordinate Refunding Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secure the Series 2022A Subordinate 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.

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

ARTICLE I TWENTY-SEVENTH SUPPLEMENTAL INDENTURE

Section 101. Authorization of Twenty-Seventh Supplemental Indenture.

This Twenty-Seventh 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 2022A Subordinate Refunding Bonds as Subordinate Debt and to the Holders thereof as Holders of Subordinate Debt, except as otherwise provided in this Twenty-Seventh Supplemental Indenture.

Section 102. Definitions.

Except as otherwise defined in this Twenty-Seventh 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 and the Twenty-Sixth Supplemental Indenture are used in this Twenty-Seventh Supplemental Indenture with the meanings assigned to them therein. In addition, the following words as used in this Twenty-Seventh Supplemental Indenture have the following meanings unless the context or use clearly indicates another or different intent or meaning:

“2020 Term Loan Agreement” means the agreement between the Authority and DNT Asset Trust (a Delaware statutory trust and an affiliate of JPMorgan Chase Bank, N.A.) with respect to the Authority’s forward direct placement refunding of the Refunded Bonds.

“Escrow Agreement” means the agreement between the Authority, the Trustee and Wells Fargo Bank, National Association, as escrow agent.

“Interest Payment Dates” for the Series 2022A Subordinate Refunding Bonds means each April 1 and October 1 commencing October 1, 2022, and thereafter during the time the Series 2022A Subordinate Refunding Bonds are outstanding.

“Series 2022A Construction Account” means the Series 2022A Construction Account established by this Twenty-Seventh Supplemental Indenture in the Construction Fund.

“Series 2022A Costs of Issuance Subaccount” means the Series 2022A Costs of Issuance Subaccount established by this Twenty-Seventh Supplemental Indenture in the Series 2022A Construction Account of the Construction Fund.

“Series 2022A Escrow Account” means the Series 2022A Escrow Account established by this Twenty-Seventh Supplemental Indenture.

“Series 2022A Resolution” means Resolution No. [], adopted by the Authority’s Board of Directors on April 2, 2020, authorizing the Series 2022A Subordinate Refunding Bonds.

“Series 2022A Subordinate Bond Event of Default” means any of the events defined as such in Section 703 of this Twenty-Seventh Supplemental Indenture.

“Series 2022A Subordinate Bondholder” or “holder of Series 2022A Subordinate Refunding Bonds” means the registered owner of a Series 2022A Subordinate Refunding Bond.

“Series 2022A Subordinate Refunding Bonds Interest Subaccount” means the Series 2022A Subordinate Refunding Bonds Interest Subaccount established by this Twenty-Seventh Supplemental Indenture in the Interest Account in the Bond Fund.

“Series 2022A Subordinate Refunding Bonds Principal Subaccount” means the Series 2022A Subordinate Refunding Bonds Principal Subaccount established by this Twenty-Seventh Supplemental Indenture in the Principal Account in the Bond Fund.

“Series 2022A Subordinate Debt Service Reserve Requirement” means zero.

“Twenty-Seventh Supplemental Indenture” means this Twenty-Seventh Supplemental Indenture of Trust, dated [], 2022, 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 and the Twenty-Sixth Supplemental Indenture.

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-Seventh Supplemental Indenture.

**ARTICLE II
AUTHORIZATION, DETAILS AND FORM
OF SERIES 2022A SUBORDINATE REFUNDING BONDS**

Section 201. Authorization of Series 2022A Subordinate Refunding Bonds.

Pursuant to Article III of the Master Indenture and, specifically, Section 305 thereof, and the Series 2022A Resolution, the Authority is authorized to issue the Series 2022A Subordinate Refunding Bonds in the aggregate principal amount of \$[], for the purpose of (a) refunding the Refunded Bonds and (b) paying certain costs of issuance. The Series 2022A Subordinate Refunding Bonds shall be issued as Subordinate Debt pursuant to the Indenture.

Section 202. Details of Series 2022A Subordinate Refunding Bonds.

The Series 2022A Subordinate Refunding Bonds shall be designated “Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A”, shall be dated [], 2022, shall be issuable only as fully registered bonds in denominations of \$5,000 and multiples thereof, shall be numbered RA-1 upward and shall bear interest at rates, payable semiannually on the Interest Payment Dates, until their final payment or maturity, and shall mature on October 1 in years and amounts, as follows (provided that the Series 2022A Subordinate Refunding Bonds may be represented by a single certificate with a principal payment schedule attached thereto, with each principal amortization payment to be considered a “maturity” herein):

Due (Oct. 1)	Principal Amount	Interest Rate
-------------------------	-------------------------	----------------------

Each Series 2022A Subordinate Refunding Bond shall bear interest: (a) from its date, if such Series 2022A Subordinate Refunding Bond is authenticated prior to the first Interest Payment Date, or (b) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such Series 2022A Subordinate Refunding Bond is authenticated; provided, however, that if at the time of authentication of any Series 2022A Subordinate Refunding Bond payment of interest is in default, such Series 2022A Subordinate Refunding Bond shall bear interest from the date to which interest has been paid. The interest payable on the Series 2022A Subordinate Refunding Bonds will be computed on the basis of a 360-day year and the actual number of days elapsed.

Principal of and premium, if any, on the Series 2022A Subordinate Refunding Bonds shall be payable to the registered owners thereof in a method as described in the 2020 Term 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 2022A Subordinate Refunding Bonds 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 2022A Subordinate Refunding Bonds.

The Trustee shall authenticate and deliver the Series 2022A Subordinate Refunding Bonds when there have been filed with or delivered to it the following items:

- (i) An executed counterpart of this Twenty-Seventh Supplemental Indenture;
- (ii) A certified copy of applicable resolution(s) of the Board of Directors of the Authority: (a) authorizing the execution and delivery of this Twenty-Seventh Supplemental Indenture, and (b) authorizing the issuance, sale, award, execution and delivery of the Series 2022A Subordinate Refunding Bonds;
- (iii) An executed 2020 Term 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 2022A Subordinate Refunding Bonds, 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 2022A Subordinate Refunding Bonds 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-Seventh 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 2022A Subordinate Refunding Bonds has been duly authorized, that the Series 2022A Subordinate Refunding Bonds are valid and binding limited obligations of the Authority, and that the interest on the Series 2022A Subordinate Refunding Bonds is excludable from gross income for purposes of Federal income taxation.
- (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 2022A Subordinate Refunding Bonds.
- (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 2022A Subordinate Refunding Bonds 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 2022A SUBORDINATE REFUNDING BONDS

Section 301. Redemption Dates and Prices.

The Series 2022A Subordinate Refunding Bonds may not be called for redemption by the Authority except as provided below:

Optional Redemption On or After October 1, 2032.

The Series 2022A Subordinate Refunding Bonds maturing on or after October 1, 2033, are subject to redemption prior to maturity at the option of the Authority on or after October 1, 2032, from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

The particular maturities of the Series 2022A Subordinate Refunding Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

Section 302. Notice of Redemption.

Notice of redemption of Series 2022A Subordinate Refunding Bonds shall be given in the manner set forth in Section 402 of the Master Indenture; provided, however, that notices of redemption of Series 2022A Subordinate Refunding Bonds 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 2022A Subordinate Refunding Bonds 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 2022A Subordinate Refunding Bonds not fewer than (2) two Business Days (as defined in the 2020 Term Loan Agreement) prior to the redemption date as described in the 2020 Term Loan Agreement.

ARTICLE IV
APPLICATION OF PROCEEDS OF SERIES 2022A SUBORDINATE REFUNDING BONDS

Section 401. Application of Proceeds of Series 2022A Subordinate Refunding Bonds; Application of Related Amounts.

The net proceeds of the Series 2022A Subordinate Refunding Bonds in the amount of \$[], which represents the par amount of the Series 2022A Subordinate Refunding Bonds received from DNT Asset Trust, at the request and direction of the Authority shall be applied as follows:

- (i) \$[] from the net proceeds of the Series 2022A Subordinate Refunding Bonds shall be deposited in the Series 2022A Escrow Account together with \$[] from the Series 2012A Subordinated Bonds Interest Subaccount and \$[] from the

Series 2012C Subordinated Bonds Interest Subaccount in the Subordinate Interest Account in the Subordinate Bond Fund; and

(ii) \$[] from the net proceeds of the Series 2022A Subordinate Refunding Bonds shall be deposited in the Series 2022A Costs of Issuance Subaccount of the Series 2022A Construction Account of the Construction Fund and used to pay costs of issuance of the Series 2022A Subordinate Refunding Bonds.

ARTICLE V FUNDS AND ACCOUNTS

Section 501. Series 2022A Construction Account

(i) In the Construction Fund, there shall be established a Series 2022A Construction Account and, within that Account, a Series 2022A Costs of Issuance Subaccount. The portion of the proceeds of the Series 2022A Subordinate Refunding Bonds specified in Section 401(ii) shall be deposited in the Series 2022A Costs of Issuance Subaccount and used to pay costs of issuance related to the Series 2022A Subordinate Refunding Bonds. When all costs of issuance have been paid or moneys have been reserved to pay all remaining unpaid costs of issuance, the balance of any Series 2022A Subordinate Refunding Bond proceeds remaining in excess of the amount to be reserved for payment of unpaid costs of issuance shall be deposited in the Subordinate Bond Fund to be used solely to pay principal of and interest on the Series 2022A Subordinate Refunding Bonds, in either case to the extent approved by Bond Counsel.

The Trustee shall establish and hold the Series 2022A Escrow Account for the purpose of receiving the proceeds of the Series 2022A Subordinate Refunding Bonds to be deposited therein pursuant to Section 401. Those proceeds, together with any other funds to be deposited in the Series 2022A Escrow Account pursuant to the Escrow Agreement, shall be applied pursuant to the Escrow Agreement to the payment of the principal of, interest on, and redemption price of the Refunded Bonds.

Section 502. Series 2022A Subordinate Refunding Bonds Subaccounts in the Interest Account and Principal Account.

(i) Within the Interest Account there shall be established a “Series 2022A Subordinate Refunding Bonds Interest Subaccount.” Within the Principal Account there shall be established a “Series 2022A Subordinate Refunding Bonds Principal Subaccount.”

(ii) In accordance with Section 604(e) of the Master Indenture, Net Revenues shall be deposited in the Series 2022A Subordinate Refunding 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 2022A Subordinate Refunding Bonds on such Interest Payment Date.

(iii) In accordance with Section 604(e) of the Master Indenture, Net Revenues shall be deposited in the Series 2022A Subordinate Refunding Bonds Principal Subaccount on or prior to the last Business Day of each of the twelve months prior to any month in which principal of

Series 2022A Subordinate Refunding Bonds is payable on their stated maturity date or pursuant to mandatory redemption requirements, in an amount equal to one-twelfth (1/12) of the principal amount scheduled to be due and payable on the Series 2022A Subordinate Refunding Bonds in such month.

**ARTICLE VI
SECURITY FOR SERIES 2022A SUBORDINATE REFUNDING BONDS**

Section 601. Security for Series 2022A Subordinate Refunding Bonds.

The Series 2022A Subordinate Refunding Bonds shall be secured as Subordinate Debt under the Indenture, including, without limitation, by a pledge of: (i) 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 Subordinate Debt, including, without limitation, any other Subordinate Debt that the Authority may issue in the future, without preference, priority or distinction of any Series 2022A Subordinate Refunding Bond over any other Series 2022A Subordinate Refunding Bond or of any Subordinate Debt over any other Subordinate Debt, as provided in the Indenture; and (ii) the moneys and Permitted Investments in the Subordinate Bond Fund on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, any other Subordinate Debt that the Authority may issue in the future, without preference, priority or distinction of any Series 2022A Subordinate Refunding Bond over any other Series 2022A Subordinate Refunding Bond or of any Subordinate Debt over any other Subordinate Debt, as provided in the Indenture.

Pursuant to the WASA Act (as defined in the Master Indenture), the Authority hereby includes in this Twenty-Seventh 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 2022A Subordinate Refunding Bonds do not 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 not apply to the Series 2022A Subordinate Refunding Bonds or to the Series 2022A Subordinate Bondholders. Pursuant to Section 305 of the Master Indenture, the Series 2022A Subordinate Refunding Bonds, as Subordinate Debt, may not be accelerated if any Senior Debt is outstanding.

Section 702. Rights of Series 2022A Subordinate Bondholders Upon Occurrence of Events of Default.

In addition to and in furtherance and implementation of the rights that Series 2022A Subordinate Bondholders have under the penultimate paragraph of Section 906 of the Master Indenture, Sections 703 through 711, inclusive, of this Twenty-Seventh Supplemental Indenture shall apply to the Series 2022A Subordinate Refunding Bonds.

Section 703. Events of Default.

Each of the following events shall be a Series 2022A Subordinate Bond Event of Default:

(i) Default in the due and punctual payment of the principal of or premium, if any, on any Series 2022A Subordinate Refunding Bond (whether at maturity or call for redemption);

(ii) Default in the due and punctual payment of the interest on any Series 2022A Subordinate Refunding Bond;

(iii) Failure of the Authority to make the deposits required by subsection (e) or subsection (f) of Section 604 of the Master Indenture at the time and in the amount required from Net Revenues available for such deposit under the Indenture;

(iv) Failure of the Trustee to apply moneys in accordance with the penultimate paragraph of Section 906 of the Master Indenture; or

(v) Any Event of Default under the 2020 Term Loan Agreement.

Section 704. Remedies of Series 2022A Subordinate Bondholders.

Upon the occurrence and continuation of a Series 2022A Subordinate Bond Event of Default, the Trustee may, and if requested by the holders of not less than 25% in aggregate principal amount of outstanding Series 2022A Subordinate Refunding Bonds and if indemnified to its reasonable satisfaction, shall proceed to protect and enforce their rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance.

No remedy conferred by this Indenture upon or reserved to the Trustee and Series 2022A Subordinate Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee and Series 2022A Subordinate Bondholders hereunder or now or hereafter existing at law, in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Series 2022A Subordinate Bond Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Series 2022A Subordinate Bond Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Series 2022A Subordinate Bond Event of Default hereunder by the Trustee or Series 2022A Subordinate Bondholders shall extend to or shall affect any subsequent Series 2022A Subordinate Bond Event of Default or shall impair any rights or remedies consequent thereon.

Section 705. Right of Series 2022A Subordinate Bondholders to Direct Proceedings.

The holders of a majority in aggregate principal amount of Series 2022A Subordinate Refunding Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Twenty-Seventh Supplemental Indenture or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Section 706. Application of Moneys.

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the fees, expenses, liabilities and advances incurred or reasonably anticipated to be made by the Trustee, and the fees and the expenses of the Authority in carrying out this Twenty-Seventh Supplemental Indenture, be deposited in the Series 2022A Subordinate Refunding Bonds Interest Subaccount or the Series 2022A Subordinate Refunding Bonds Principal Subaccount, as the case may be, and applied as follows and for no other purpose:

- (i) All such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Series 2022A Subordinate Refunding Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2022A Subordinate Refunding Bonds; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Series 2022A Subordinate Refunding Bonds which shall have become due (other than Series 2022A Subordinate Refunding Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Series 2022A Subordinate Refunding Bonds due on any particular date, then to the payment of such principal and premium, if any, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest shall cease to accrue on the amounts of principal to be paid. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 707. Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Twenty-Seventh Supplemental Indenture or under any of the Series 2022A Subordinate Refunding Bonds may be enforced by the Trustee without the possession of any of the Series 2022A Subordinate Refunding Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Series 2022A Subordinate Bondholders, and any recovery of judgment shall be for the equal benefit of the Series 2022A Subordinate Bondholders.

Section 708. Limitation on Suits.

Except to enforce the rights given under Sections 704 and 705 of this Twenty-Seventh Supplemental Indenture, no Series 2022A Subordinate Refunding Bondholder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy hereunder, unless: (i) a Series 2022A Subordinate Bond Event of Default has occurred and is continuing and the Holders of 25% in aggregate principal amount of Series 2022A Subordinate Refunding Bonds then outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (ii) such requesting Series 2022A Subordinate Bondholders have offered to the Trustee indemnity as provided in Section 1101(l) of the Master Indenture, (iii) the Trustee has thereafter failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name, (iv) no direction inconsistent with such written request has been given to the Trustee by the holders of a majority in aggregate principal amount of Series 2022A Subordinate Refunding Bonds then outstanding, and (v) notice of such action, suit or proceeding is given to the Trustee; it being understood and intended that no one or more Series 2022A Subordinate Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its or their action or to enforce any rights hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of all Series 2022A Subordinate Bondholders then outstanding. The notification, request and offer of indemnity set forth above, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of this Twenty-Seventh Supplemental Indenture and to any action or cause of action for the enforcement of this Twenty-Seventh Supplemental Indenture or for any other remedy hereunder.

Section 709. Termination of Proceedings.

In case the Trustee shall have proceeded to enforce any right under this Twenty-Seventh Supplemental Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 710. Waivers of Events of Default.

Subject to the Indenture (including, without limitation, Section 1101 of the Master Indenture), the Trustee may in its discretion waive any Series 2022A Subordinate Bond Event of Default hereunder or any action taken pursuant to any Series 2022A Subordinate Bond Event of Default, and shall do so at the written request of the holders of: (i) a majority in aggregate principal amount of Series 2022A Subordinate Refunding Bonds then outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists, or (ii) a majority in aggregate principal amount of Series 2022A Subordinate Refunding Bonds then outstanding in the case of any other Series 2022A Subordinate Bond Event of Default; provided, however, that there shall not be waived without the written consent of all then Outstanding Series 2022A Subordinate Bondholders (a) any Series 2022A Subordinate Bond Event of Default in the payment of the principal of any Outstanding Series 2022A Subordinate Refunding Bonds (whether at maturity or by mandatory redemption), or (b) any default in the payment when due of the interest on any such Series 2022A Subordinate Refunding Bonds unless, prior to such waiver or rescission,

- (1) there shall have been paid or provided for all arrears of interest with interest, to the extent permitted by law, at the rate borne by the Series 2022A Subordinate Refunding Bonds on overdue installments of interest, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default, and
- (2) in case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the Authority, the Trustee, and the Series 2022A Subordinate Bondholders shall be restored to their former positions and rights hereunder respectively.

No such waiver or rescission relating to the Series 2022A Subordinate Refunding Bonds shall extend to any subsequent or other default or impair any right consequent thereon.

Section 711. Non-Impairment of Authority's Obligation to Pay Principal, Premium and Interest.

Nothing in this Twenty-Seventh Supplemental Indenture shall, however, affect or impair the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Series 2022A Subordinate Refunding Bonds to the respective Holders thereof at the time and place, from the source and in the manner specified in the Indenture.

**ARTICLE VIII
TAX COVENANTS**

Section 801. Tax Covenants – General.

(i) The Authority covenants that it will use, and will restrict the use and investment of, the proceeds of the Series 2022A Subordinate Refunding Bonds in such manner and to such extent as may be necessary so that (a) the Series 2022A Subordinate Refunding Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Sections 141, 148 or 149 of the Code, or be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the Series 2022A Subordinate Refunding Bonds will not be treated as an item of tax preference under Section 57 of the Code.

(ii) The Authority further covenants that (a) it will take or cause to be taken such actions that may be required of it for the interest on the Series 2022A Subordinate Refunding Bonds to be and remain excluded from gross income for federal income tax purposes, (b) it will not take or authorize to be taken any actions that would adversely affect that exclusion, and (c) it, or persons acting for it, will, among other acts of compliance, (1) apply the proceeds of the Series 2022A Subordinate Refunding Bonds to the governmental purposes of the borrowing, (2) restrict the yield on investment property, (3) make timely and adequate payments to the federal government, including but not limited to the required payment of any Rebate Amounts under Section 148(f) of the Code, as further provided in Section 802 hereof, (4) maintain books and records and make calculations and reports, and (5) refrain from certain uses of those proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure that exclusion of that interest under the Code.

(iii) The Authorized Representative of the Authority is hereby authorized (a) to make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of the Authority with respect to the Series 2022A Subordinate Refunding Bonds as the Authority is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Series 2022A Subordinate Refunding Bonds or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by the Authorized Representative of the Authority, which action shall be in writing and signed by the Authorized Representative of the Authority, (b) to take any and all other

actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the Authority, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Series 2022A Subordinate Refunding Bonds, and (c) to give one or more appropriate certificates, for inclusion in the transcript of proceedings for the Series 2022A Subordinate Refunding Bonds, setting forth the reasonable expectations of the Authority regarding the amount and use of all the proceeds of the Series 2022A Subordinate Refunding Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Series 2022A Subordinate Refunding Bonds.

Section 802. Calculation and Payment of Rebate.

(i) As used in this Section 802:

“Bond Year” means the annual period (or such shorter period from the date of issuance of the Series 2022A Subordinate Refunding Bonds) provided for the computation of the Rebate Amount for the Series 2022A Subordinate Refunding Bonds under Section 148(f) of the Code. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the issuance of the Series 2022A Subordinate Refunding Bonds unless the Authority selects another date on which to end a Bond Year in the manner permitted by the Code, and notifies the Trustee in writing of such selection.

“Computation Date” means:

(i) (a) the last day of each fifth Bond Year while the Series 2022A Subordinate Refunding Bonds are outstanding, and (b) the date on which the last Series 2022A Subordinate Refunding Bonds are retired, or

(ii) such other date or dates elected by the Authority as may be permitted under the Code for computation of the Rebate Amount.

“Rebate Amount” means, as of any Computation Date, the amount then payable (or payable within 60 days of such date) to the United States pursuant to Section 148(f) of the Code and the applicable Treasury Regulations (final or temporary) thereunder.

(ii) Promptly after each Computation Date, the Authority, or an independent public accounting firm or Bond Counsel engaged by or on behalf of the Authority, shall calculate the Rebate Amount, if any, as of that Computation Date.

(iii) Within 60 days after each Computation Date, and at any other time directed by the Authorized Representative of the Authority, the Authority shall pay to the United States in accordance with Section 148(f), from any lawfully available funds, an amount equal to 90% (or such greater percentage not in excess of 100% as the Authorized Representative of the Authority may determine to pay) of the Rebate Amount determined from the Delivery Date to the end of such fifth Bond Year (but less any portion of the Rebate Amount previously paid to the United States pursuant to this Section). Within 60 days after the payment in full of all outstanding

Series 2022A Subordinate Refunding Bonds, the Authorized Representative of the Authority, on behalf of the Authority shall pay to the United States in accordance with Section 148(f), from any lawfully available funds, an amount equal to 100% of the Rebate Amount determined from the Delivery Date to the date of such payment in full of all outstanding Series 2022A Subordinate Refunding Bonds (but less any portion of the Rebate Amount previously paid to the United States pursuant to this Section 802(iii)).

(iv) The Authority shall keep or provide for the keeping of records of the computations made pursuant to this Section 802, payments made pursuant to this Section and all original source documents pertaining to the investment of gross proceeds and the expenditure of gross proceeds for at least six years after the maturity or retirement of the Series 2022A Subordinate Refunding Bonds.

(v) The Authority, in connection with investments of the proceeds of the Series 2022A Subordinate Refunding Bonds in nonpurpose investments, will not pay or agree to pay to a party other than the United States any portion of the Rebate Amount with respect to the Series 2022A Subordinate Refunding Bonds through a transaction or series of transactions that reduce the aggregate amount earned on all nonpurpose investments in which gross proceeds of the Series 2022A Subordinate Refunding Bonds are invested or that result in a smaller profit or a larger loss than would have resulted in an arm's length transaction in which yield on the Series 2022A Subordinate Refunding Bonds was not relevant to the Authority or the other party.

(vi) If the Authority and the Trustee receive a written opinion of Bond Counsel that such action would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2022A Subordinate Refunding Bonds, the Authorized Representative of the Authority may, without the consent of or notice to any bondholders, adopt supplements to this Twenty-Seventh Supplemental Indenture to the extent necessary or desirable to modify, supplement or replace this Section 802 consistent with the other covenants of the Authority in this Twenty-Seventh Supplemental Indenture.

(vii) If at any time the Authority receives a written opinion of Bond Counsel that failure to comply with this Section 802 or any part of this Section 802 would not adversely affect the exclusion of interest on the Series 2022A Subordinate Refunding Bonds from gross income for federal income tax purposes, the Authority may discontinue compliance with this Section 802 or part of this Section 802 to the extent set forth in that opinion.

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-Seventh Supplemental Indenture or the Series 2022A Subordinate Refunding Bonds is intended or shall be construed to give to any person other than the parties hereto and the Series 2022A Subordinate Refunding Bondholders any legal or equitable right, remedy or claim under or in respect to this Twenty-Seventh Supplemental Indenture or any covenants, conditions and agreements herein contained since this Twenty-

Seventh 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 2022A Subordinate Bondholders as herein provided.

Section 902. Severability.

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

Section 903. Successors and Assigns.

This Twenty-Seventh 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 2022A Subordinate Refunding Bonds shall be liable personally on the Series 2022A Subordinate Refunding Bonds 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-Seventh 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-Seventh Supplemental Indenture shall be governed by the applicable laws of the District of Columbia.

Section 906. Counterparts.

This Twenty-Seventh 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.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Twenty-Seventh 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 2022A SUBORDINATE REFUNDING BOND FORM

\$ _____

UNITED STATES OF AMERICA

DISTRICT OF COLUMBIA

WATER AND SEWER AUTHORITY

**PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BOND
SERIES 2022A**

INTEREST RATE	FINAL MATURITY DATE	DATED DATE
As shown on the Schedule of Principal Payment attached hereto	October 1, 2036	[], 2022

REGISTERED OWNER: DNT ASSET TRUST

PRINCIPAL AMOUNT: _____ DOLLARS

The District of Columbia Water and Sewer Authority (the “Authority”), for value received, hereby promises to pay upon surrender hereof at the designated corporate trust office of Wells Fargo Bank, National Association, as trustee, or its successor in trust (the “Trustee”), under the Indenture, as hereinafter defined, solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above, to be paid in installments on the dates shown on the Schedule of Principal Payments attached hereto (with each principal payment considered a “maturity” herein), subject to prior redemption as hereinafter provided, and to pay, solely from such sources, interest hereon semiannually on each April 1 and October 1, beginning October 1, 2022, at the annual rates referred to above, calculated on the basis of a 360-day year and the actual number of days elapsed. Interest is payable from the date of this Series 2022A Subordinate Refunding Bond (unless payment of interest hereon is in default, in which case this Series 2022A Subordinate Refunding Bond shall bear interest from the date to which interest has been paid).

Interest is payable pursuant to the method as described in the 2020 Term 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.

This Series 2022A Subordinate Refunding Bond is the single certificate of an issue of \$[] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A (the “Series 2022A Subordinate Refunding Bonds”). The Series 2022A Subordinate Refunding Bonds are issued under a Master Indenture of Trust, dated as of April 1, 1998, between the Authority and the Trustee (the “Master Indenture”), as amended and supplemented by the Twenty-Seventh Supplemental Indenture of Trust, dated [], 2022, between the Authority and the Trustee (the “Twenty-Seventh 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 and Twenty-Sixth Supplemental Indenture, all as defined in the Twenty-Seventh Supplemental Indenture (collectively, the “Indenture”). The Series 2022A Subordinate Refunding Bonds are secured under the Indenture as Subordinate Debt by a pledge of Net Revenues subordinate to the pledge that secures Senior Debt and on a parity to the pledge that secures other Subordinate Debt. Reference is hereby made to the Indenture 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 2022A Subordinate Refunding Bonds and the terms upon which the Series 2022A Subordinate Refunding Bonds are issued and secured.

The Series 2022A Subordinate Refunding Bonds and the premium, if any, and the interest thereon are limited obligations of the Authority payable from Net Revenues of the System, subject to the prior payment therefrom of the principal of and interest due and payable on all Senior Debt heretofore and hereafter issued or incurred by the Authority, and from certain other funds and accounts pledged thereto by, and on the terms set forth in, the Indenture. The Series 2022A Subordinate Refunding Bonds shall be without recourse to the District of Columbia (the “District”). The Series 2022A Subordinate Refunding Bonds 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 2022A Subordinate Refunding Bonds maturing on or after October 1, 2033, are subject to redemption prior to maturity at the option of the Authority on or after October 1, 2032, from any source, in whole or in part on any date, in such order of maturities as shall be

determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

If fewer than all of the Series 2022A Subordinate Refunding Bonds are called for redemption, they shall be called in such order of maturity as the Authority may determine and direct the Trustee in writing. The portion of any Series 2022A Subordinate Refunding Bond to be redeemed shall be in the principal amount of \$5,000,000 or more.

If any of the Series 2022A Subordinate Refunding Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Series 2022A Subordinate Refunding Bonds or portions thereof to be redeemed, not fewer than (2) two business days prior to the redemption date, as described in the 2020 Term Loan Agreement. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2022A Subordinate Refunding Bonds 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. If a portion of the Series 2022A Subordinate Refunding Bonds shall be called for redemption, a new Series 2022A Subordinate Refunding Bond in principal amount equal to the unredeemed portion hereof will be issued to the registered owners of the Series 2022A Subordinate Refunding Bonds.

The registered owner of this Series 2022A Subordinate Refunding 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 or Series 2022A Subordinate Refunding Bond 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. Specifically, and without limiting the generality of the foregoing, the Series 2022A Subordinate Refunding Bonds, as Subordinate Debt, may not be accelerated if any Senior Debt is outstanding. 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.

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 2022A Subordinate Refunding Bonds shall be liable personally on the Series 2022A Subordinate Refunding Bonds 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 2022A Subordinate Refunding Bond, the Twenty-Seventh 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 2022A Subordinate Refunding Bonds are issuable as registered bonds. Upon surrender for transfer or exchange of this Series 2022A Subordinate Refunding 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 2022A Subordinate Refunding Bond or Series 2022A Subordinate Refunding Bonds 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 2022A Subordinate Refunding Bond have happened, exist and have been performed.

This Series 2022A Subordinate Refunding 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 2022A Subordinate Refunding 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 2022A Subordinate Refunding Bond to be dated [], 2022.

ATTEST:

Secretary to the Authority

Chairman

[SEAL]

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This Series 2022A Subordinate Refunding Bond is one of the Series 2022A Subordinate Refunding Bonds described in the within mentioned Indenture.

Wells Fargo Bank, National Association,
Trustee

By _____
Authorized Signer

SCHEDULE OF PRINCIPAL PAYMENTS

Date	Principal Amount	Interest Rate	Payment Received
-------------	-----------------------------	----------------------	-----------------------------

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 2022A Subordinate Refunding Bond and all rights thereunder, hereby
irrevocably constituting and appointing

_____, Attorney, to transfer said Series
2022A Subordinate Refunding 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
2022A Subordinate Refunding Bond in
every particular, without alteration or
enlargement or any change whatsoever.

EXHIBIT B

FORM OF 2020 TERM LOAN AGREEMENT

McGuireWoods LLP
Draft dated 3.31.2020

TERM LOAN AGREEMENT

Dated as of

April ___, 2020

Between

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

And

DNT ASSET TRUST
(A DELAWARE STATUTORY TRUST AND AN AFFILIATE OF JPMORGAN CHASE
BANK, N.A.)

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGES</u>
SECTION 1. DEFINITIONS; INTERPRETATION.....	1
Section 1.1 Definitions.....	1
Section 1.2 Interpretation; Closing Date.....	9
Section 1.3 Relation to Other Documents.....	9
SECTION 2. THE CREDIT.....	10
Section 2.1 The Term Loan.....	10
Section 2.2 Interest Rate on the Term Loan and other Obligations.....	10
Section 2.3 Computation of Interest.....	11
Section 2.4 Manner and Disbursement of the Term Loan.....	11
Section 2.5 Repayment of Term Loan.....	11
Section 2.6 Prepayment of Term Loan.....	12
Section 2.7 Default Rate.....	12
Section 2.8 The Bonds.....	12
Section 2.9 Funding Reimbursement.....	12
Section 2.10 Maximum Rate; Payment of Fee.....	15
Section 2.11 Security.....	16
SECTION 3. FEES.....	16
Section 3.1 Amendment Fee.....	16
SECTION 4. PLACE AND APPLICATION OF PAYMENTS.....	16
Section 4.1 Place and Application of Payments.....	16
SECTION 5. REPRESENTATIONS AND WARRANTIES.....	16
Section 5.1 Status.....	16
Section 5.2 Power and Authority.....	17
Section 5.3 Enforceability.....	17
Section 5.4 No Conflict.....	17
Section 5.5 Consents.....	17
Section 5.6 No Litigation.....	17
Section 5.7 Default.....	17
Section 5.8 Disclosure.....	18
Section 5.9 Bonds; Parity Indebtedness.....	18
Section 5.10 Incorporation of Representations and Warranties.....	18
Section 5.11 Employment Benefit Plan Compliance.....	18
Section 5.12 Financial Statements.....	19
Section 5.13 No Proposed Legal Changes.....	19
Section 5.14 Margin Stock.....	19
Section 5.15 Permitted Investments.....	19
Section 5.16 Environmental Laws.....	19
Section 5.17 Insurance.....	19

Section 5.18	Anti-Corruption Laws and Sanctions.....	19
Section 5.19	Sovereign Immunity Defense	20
Section 5.20	Tax-Exempt Status.....	20
Section 5.21	No Existing Right to Accelerate	20
SECTION 6.	CONDITIONS PRECEDENT.....	20
Section 6.1	Closing Date.....	20
Section 6.2	Term Loan.....	21
SECTION 7.	COVENANTS.....	22
Section 7.1	Payment Obligations.....	22
Section 7.2	Related Documents.....	22
Section 7.3	Access to Books and Records; Reporting Requirements.....	23
Section 7.4	Compliance with Laws	25
Section 7.5	Notices	25
Section 7.6	Certain Information.....	25
Section 7.7	Maintenance of Franchises	25
Section 7.8	Accounting Methods and Fiscal Year.....	25
Section 7.9	Employment Benefit Plans.....	25
Section 7.10	Additional Obligations.....	26
Section 7.11	Permitted Liens.....	26
Section 7.12	Provisions to Facilitate Payments	26
Section 7.13	Taxes and Liabilities.....	27
Section 7.14	Payment of Fees.....	27
Section 7.15	Maintenance of Existence; No Merger	27
Section 7.16	Use of Proceeds.....	27
Section 7.17	Further Assurances.....	28
Section 7.18	Investment Guidelines	28
Section 7.19	Exempt Status	28
Section 7.20	Regulation.....	28
Section 7.21	Hedge Agreements.....	28
Section 7.22	Sovereign Immunity Defense	29
Section 7.23	Compliance with Anti-Corruption Laws and Sanctions	29
Section 7.24	Use of Proceeds.....	29
Section 7.25	Disclosure to Participants and Transferees.....	29
Section 7.26	Accuracy of Information.....	29
SECTION 8.	EVENTS OF DEFAULT AND REMEDIES.....	29
Section 8.1	Events of Default	29
Section 8.2	Non-Bankruptcy Defaults	31
Section 8.3	Bankruptcy Defaults	31
Section 8.4	Acceleration Events	31
SECTION 9.	CHANGE IN CIRCUMSTANCES.....	32
Section 9.1	Taxes.....	32
Section 9.2	[Reserved].....	33
Section 9.3	Lending Branch.....	33

Section 9.4	Discretion of Lender as to Manner of Funding.....	33
SECTION 10.	MISCELLANEOUS.....	34
Section 10.1	No Waiver of Rights.....	34
Section 10.2	Non-Business Day.....	34
Section 10.3	Documentary Taxes.....	34
Section 10.4	Survival of Representations.....	34
Section 10.5	Survival of Reimbursements.....	34
Section 10.6	Notices.....	34
Section 10.7	Counterparts.....	35
Section 10.8	Successors and Assigns.....	36
Section 10.9	Participants.....	37
Section 10.10	Amendments.....	38
Section 10.11	Headings.....	38
Section 10.12	Costs and Expenses; Indemnification, Consequential Damages.....	38
Section 10.13	Entire Agreement.....	40
Section 10.14	Construction.....	40
Section 10.15	Choice of Law.....	40
Section 10.16	Waiver of Jury Trial.....	40
Section 10.17	USA PATRIOT Act Notice.....	40
Section 10.18	Right of Setoff.....	41
Section 10.19	Disclaimer.....	41

EXHIBITS

- Exhibit A – Form of Borrowing Notice
- Exhibit B – Form of Bond
- Exhibit C – Mandatory Amortization Schedule
- Exhibit D – Call Premium Schedule

TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT, dated as of April ____, 2020, is between DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY, Washington D.C. (the “*Authority*”) and DNT ASSET TRUST, a Delaware statutory trust and an affiliate of JPMorgan Chase Bank, N.A., and its permitted successors and assigns (the “*Lender*”).

PRELIMINARY STATEMENTS:

WHEREAS, the Authority has requested that the Lender provide a credit facility, and the Lender is willing to do so on the terms and conditions set forth herein. All capitalized terms used herein and not otherwise defined in connection with such use shall have the meanings set forth in Section 1.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1 Definitions. Capitalized terms used and not defined herein shall have the meaning assigned in the Resolution or the Master Indenture. In addition to terms defined at other places in this Agreement, the following defined terms are used throughout this Agreement with the following meanings:

“*Acceleration Event*” means any of the following: (a) the acceleration of any Subordinate Debt by the holder or holders thereof (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries thereof), (b) the acceleration by any counterparty under any Hedge Agreement related to any Subordinate Debt, or (c) the holder or holders of any Subordinate Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries thereof), or any counterparty under any Hedge Agreement relating to Subordinate Debt, causing any such Subordinate Debt to become immediately due and payable (whether by required prepayment, redemption, mandatory purchase, acceleration, demand, or otherwise) prior to its stated maturity or scheduled payment date.

“*Act*” means, collectively, the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996, D.C. Code Ann. Sections 34-2201.01 et seq., and the District of Columbia Water and Sewer Authority Act of 1996, Pub. L. No. 104-184 et seq., in each case, as the same may hereafter be amended and supplemented.

“*Affiliate*” means any other Person controlling or controlled by or under common control with the Authority. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“*Agreement*” means this Term Loan Agreement, as the same may be amended, supplemented, restated, or otherwise modified from time to time in accordance with the terms hereof.

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

“*Applicable Law*” means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (B) Governmental Approvals and (C) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

“*Assignment and Assumption*” means an assignment and assumption entered into by the Lender and an assignee (with the consent of any party whose consent is required by Section 10.8(b) hereof) in form and substance satisfactory to the Lender.

“*Authority*” means the District of Columbia Water and Sewer Authority, an independent authority of the government of the District of Columbia.

“*Benefit Plan Event*” means (i) the imposition of any lien on any of the rights, properties or assets of the Authority or the System, or the posting of a bond or other security by the Authority, in either case pursuant to Sections 412, 430 or 436 of the Code; (ii) the occurrence of a non-exempt prohibited transaction (within the meaning of Section 4975 of the Code) involving the assets of an Employee Benefit Plan, if the Authority has any liability therefor; (iii) the receipt by the Authority of notice of the final determination by the Internal Revenue Service that a Qualified Plan’s qualification or tax exempt status should be revoked; (iv) with respect to any Employee Benefit Plan, the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Employee Benefit Plan, (v) the failure to register or loss of good standing with applicable regulatory authorities of any Employee Benefit Plan required to be registered; or (vi) the failure of any Employee Benefit Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Employee Benefit Plan.

“*Bond Counsel*” means, collectively, Squire Patton Boggs (US) LLP and Parker Poe Adams & Bernstein LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Authority.

“*Bonds*” means the Authority’s [\$290,590,000] Subordinate Lien Revenue Refunding Bonds, Series 2022A.

“*Borrowing Notice*” has the meaning set forth in Section 2.4 hereof.

“*Business Day*” means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in the State of New York or in the District of Columbia are required or authorized by law to be closed, or (iii) a day on which the office of the Lender at which a request for the Term Loan is to be presented is required or authorized by law to be closed.

“*Closing Date*” means April ___, 2020, subject to the satisfaction or waiver by the Lender of all of the conditions precedent set forth in Section 6.1 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, and the applicable Treasury Regulations from time to time promulgated or proposed thereunder.

“*Commitment*” means the Lender’s obligation to make the Term Loan on the Draw Date, in an aggregate principal amount equal to \$[290,590,000], which Term Loan shall be utilized to refund the Refunded Bonds and pay costs related to the negotiation and execution of this Agreement and the issuance of the Bonds.

“*Debt*” means, with respect to any Person, at any date, without duplication, (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, Bonds or other similar instruments; (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) all obligations of such Person as lessee under capital leases; (v) all obligations of such Person under take or pay or similar contracts; (vi) all obligations of such Person to reimburse or indemnify the issuer of a letter of credit or Guarantee for drawings or payments thereunder; (vii) all obligations of such Person to repurchase any security (or other Property) which arise out of or in connection with the sale of such security (or other Property); (viii) all obligations of such Person in respect of interest rate swap agreements, currency swap agreements and other similar agreements and arrangements designed to protect such Person against adverse movements in interest rates or foreign exchange rates; (ix) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; (x) all Debt of others Guaranteed by such Person; and (x) obligations in respect of Hedge Agreements.

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

“*Default Rate*” means a rate of interest equal to 10.5% per annum.

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

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

(ii) on the date when the Authority shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Authority, or upon any review or audit of the Authority or upon any other ground whatsoever, interest paid or payable on the Term Loan is includable, in whole or in part, in the gross income of the Lender (or the holder of a Bond) for federal income tax purposes; or

(iii) on that date when the Authority shall receive notice from the Lender (or the holder of a Bond) that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has

assessed as includable in the gross income of the Lender (or the holder of a Bond) the interest on any of the Term Loan;

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

“*Draw Date*” means, subject to the satisfaction of all of the conditions set forth in Section 6.2 hereof, the first Business Day immediately following July 3, 2022.

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“*Employee Benefit Plan*” means all of the following plans, to the extent the Authority has, or could reasonably be expected to have, any liability with respect to such plans: (a) all “employee benefit plans” (as defined in Section 3(3) of ERISA), and (b) any other employee benefit plan, program or arrangement that is or at any time has been maintained or sponsored by the Authority or to which the Authority has ever made, or been obligated to make, contributions or with respect to which the Authority has incurred any material liability or obligation, including without limitation the Authority’s Section 401(a) defined contribution plan and the Authority’s Section 457(b) deferred compensation plan.

“*Environmental Law*” means any current or future legal requirement of any Governmental Authority pertaining to (a) the protection of health, safety, and the indoor or outdoor environment, (b) the conservation, management, or use of natural resources and wildlife, (c) the protection or use of surface water and groundwater or (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation or handling of, or exposure to, any hazardous or toxic substance or material or (e) pollution (including any release to land surface water and groundwater).

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated, and any publicly available rulings issued, thereunder.

“*Event of Default*” means any of the events or circumstances specified in Section 8.1 hereof.

“*Event of Taxability*” means (i) a change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with the Term Loan or the Term Loan) which has the effect of causing

interest paid or payable on any of the Term Loan to become includable, in whole or in part, in the gross income of the Lender (or the holder of a Bond) for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any of the Term Loan to become includable, in whole or in part, in the gross income of the Lender (or the holder of a Bond) for federal income tax purposes with respect to the Term Loan.

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

“*Excess Interest Amount*” has the meaning set forth in Section 2.10.

“*Fiscal Year*” means the fiscal year of the Authority ending on September 30 of each calendar year.

“*Fitch*” means Fitch, Inc., or any successor or assignee of the business of such company in the business of rating securities.

“*Fixed Rate*” means, with respect to each Mandatory Amortization Date, the interest rate per annum shown on Exhibit C attached hereto with respect to the Mandatory Amortization Amount due and payable on such Mandatory Amortization Date.

“*GAAP*” means generally accepted accounting principles in the United States of America applied on a consistent basis.

“*Governmental Approvals*” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to, any Governmental Authority.

“*Governmental Authority*” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the

purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term Guarantee shall not include endorsement for collection or deposit in the ordinary course of business. The term “*Guarantee*” used as a verb has a corresponding meaning.

“*Hedge Agreement*” means (i) any rate swap transaction, basis swap, forward rate transaction, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap, credit default swap or any other similar transaction (including any option with respect to any of these transactions) and any other agreement or option involving, or settled by reference to, one or more rates, currencies, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement..

“*Indemnified Taxes*” means Taxes other than Excluded Taxes.

“*Interest Payment Date*” means October 1, 2022, and semiannually in arrears on each April 1 and October 1 to occur thereafter prior to the Maturity Date, and on each Mandatory Amortization Date and the Maturity Date.

“*Law*” means any treaty or any federal, regional, authority and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“*Lender*” means DNT Asset Trust, a Delaware statutory trust and an affiliate of JPMorgan Chase Bank, N.A., and any successor thereto.

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

“*Mandatory Amortization Amount*” means, with respect to the Term Loan, each of the amortization amounts required to be paid by the Authority on the Term Loan as shown on Exhibit C attached hereto.

“*Mandatory Amortization Date*” means, with respect to the Term Loan, each of the amortization dates shown on Exhibit C attached hereto on which the applicable Mandatory Amortization Amount is due and payable (if not earlier due and payable in accordance with the terms of this Agreement).

“*Margin Stock*” has the meaning ascribed to such term in Regulation U promulgated by the Board of Governors of the Federal Reserve System of the United States of America, or any successor thereof, as now and hereafter from time to time in effect.

“*Master Indenture*” means the Master Indenture of Trust dated as of April 1, 1998, as amended and supplemented, including, in particular, by the Twenty-Seventh Supplemental Indenture, each between the Authority and Wells Fargo Bank, National Association, as successor Trustee.

“*Material Adverse Change*” or “*Material Adverse Effect*” means any material adverse change in (i) the business, operations, assets, liabilities, financial condition or results of operations of the Authority, (ii) the ability of the Authority to consummate the transactions contemplated by this Agreement or any of the Related Documents to which it is or will be a party, or (iii) the ability of the Authority to perform any of its obligations under this Agreement or any of the Related Documents to which it is or will be a party.

“*Maturity Date*” means the earlier of (i) October 1, 2036 and (ii) such earlier date that the Term Loan becomes due pursuant to Section 8.2 or 8.3 hereof.

“*Maximum Lawful Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“*Moody’s*” means Moody’s Investors Service, or any successor or assignee of the business of such company in the business of rating securities.

“*1933 Act*” means the Securities Act of 1933, as amended.

“*Obligations*” means all fees payable hereunder, all obligations of the Authority to pay the principal of or interest on the Term Loan and all other payment obligations of the Authority arising under or in relation to any Related Document.

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

“*Parity Debt*” means any bonds, notes or other obligations issued in connection with the System (i) which are expected to be paid from Net Revenues and designated by the Authority as Subordinate Debt, and (ii) which have pledged to their payment Net Revenues as a subordinate lien pledge after the pledge of Net Revenues to Senior Debt[, including but not limited to any Debt Service Component and Remaining Component that the Authority is required, or has elected, to treat as Subordinate Debt, and the District General Obligation Bonds].

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

“*Payment Account*” means JPMorgan Chase Bank, N.A., ABA: 021-000-021, Account #469796754G0211, Ref: District of Columbia Water and Sewer Authority.

“*Permit*” means any permit, approval, authorization, certification, license, variance, accreditation or permission required from a Governmental Authority under an applicable law or any accrediting organization.

“*Person*” means any individual, sole proprietorship, corporation, limited liability company, partnership, trust, unincorporated organization, mutual company, joint stock company, estate, union, employee organization, government or any agency or political subdivision thereof.

“*Post-funding Breakage Fee*” has the meaning set forth in Section 2.9(d).

“*Pre-funding Breakage Fee*” has the meaning set forth in Section 2.9(c).

“*Qualified Plan*” means any Employee Benefit Plan that is intended to be tax-qualified under Section 401(a) of the Code.

“*Rating Agency*” means S&P, Moody’s or Fitch or any successor or additional rating agency that rates Parity Bonds.

“*Refunded Bonds*” means, collectively, the Authority’s Public Utility Subordinate Lien Revenue Bonds, Series 2012A, outstanding in the principal amount of \$127,375,000, and the Authority’s Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2012C, outstanding in the principal amount of \$163,215,000.

“*Related Documents*” means this Agreement, the Resolution, the Master Indenture, the Tax Agreement and the Bonds and any exhibits, instruments or agreements relating thereto.

“*Resolution*” means the resolution adopted by the Board of Directors of the Authority on April 2, 2020.

“*S&P*” means S&P Global Ratings, or any successor or assignee of the business of such company in the business of rating securities.

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

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

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

Persons described in the foregoing clauses (i) or (ii), or (iv) any Person otherwise the subject of any Sanctions.

“*Tax Agreement*” means the [Tax Compliance Certificate] of the Authority dated the Draw Date relating to this Agreement and the Bonds.

“*Taxable Date*” means the date on which interest on the Term Loan is first includable in gross income of the Lender or a holder of a Bond as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 2.2(d) hereof.

“*Taxable Rate*” means, with respect to a Taxable Period and for the Term Loan, the product of (i) the Fixed Rate applicable to the applicable Term Loan and (ii) 1.26582.

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

“*Term Loan*” has the meaning set forth in Section 2.1(a) hereof.

“*Trust Estate*” means the moneys, investments, property and certain rights of the Authority thereto, including, without limitation, the Net Revenues, all as more fully described in clauses (A), (B), (C) and (D) of the “Granting Clauses” to the Master Indenture, granted as security for the holders of Senior Debt and, on a subordinate basis, the Subordinate Debt.

“*Twenty-Seventh Supplemental Indenture*” means the Twenty-Seventh Supplemental Indenture of Trust, dated the Closing Date, between the Authority and the Trustee, as the same may hereafter be amended and supplemented pursuant to the terms of the Master Indenture and this Agreement.

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

Section 1.2 Interpretation; Closing Date. The foregoing definitions shall be equally applicable to both the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to New York, New York time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP.

Section 1.3 Relation to Other Documents. Nothing in this Agreement shall be deemed to amend, or relieve the Authority of any of its obligations under, any Related Document. To the extent any provision of this Agreement conflicts with any provision of any other Related Document to which the Authority and the Lender are parties, the provisions of this Agreement shall control.

SECTION 2. THE CREDIT.

Section 2.1 The Term Loan. (a) Subject to the terms and conditions hereof, the Lender agrees to make a loan (the “*Term Loan*”) in U.S. Dollars to the Authority in the amount up to the Commitment. The Term Loan shall be advanced in a single borrowing on the Draw Date, at which time the Commitment shall expire. In the event that on the Draw Date, with respect to the Term Loan, the Authority draws an amount less than the maximum amount of the Commitment, the Commitment shall nonetheless expire and Section 2.8 hereof shall apply. No amount repaid or prepaid on the Term Loan may be borrowed again.

(b) The Term Loan shall be made against and evidenced and secured by the Bonds. The Bonds shall be dated the date of issuance thereof and be expressed to bear interest as set forth herein. The Bonds, and the Term Loan evidenced thereby, shall mature and become due and payable in full on the Maturity Date; *provided* that the Bonds, and the Term Loan evidenced thereby, shall be payable in the Mandatory Amortization Amounts on the Mandatory Amortization Dates shown in Exhibit C attached hereto. Without regard to the principal amount of the Bonds stated on its face, the actual amount at any time outstanding and owing by the Authority on account of the Bond shall be the outstanding principal amount of the Term Loan made hereunder, plus all interest accrued and unpaid on the Term Loan.

Section 2.2 Interest Rate on the Term Loan and other Obligations. (a) The Authority hereby promises to pay interest on the Term Loan at the rate and times specified in this Section 2.2 from the date the Term Loan is advanced. The outstanding principal balance of the Term Loan shall bear interest at a rate per annum equal to the Fixed Rate with respect to each Mandatory Amortization Date. From and after the occurrence and during the continuance of any Event of Default, the Term Loan shall bear interest at the Default Rate. From and after the occurrence of a Determination of Taxability, the Term Loan shall bear interest at the Taxable Rate applicable thereto; *provided, however*, that in the event that both an Event of Default and a Determination of Taxability shall have occurred, the Term Loan shall bear interest at the Default Rate.

(b) Interest on the Term Loan shall be payable on each Interest Payment Date and when the Term Loan shall be due (whether at maturity, by reason of notice of prepayment or acceleration, or otherwise), but only to the extent then accrued and unpaid on the amount then so due.

(c) If all or any part of the Term Loan or any other Obligation due and payable under the Related Documents is not paid when due (whether at maturity, by reason of notice of prepayment or acceleration or otherwise), such unpaid amount shall bear interest for each day during the period from the date such amount became so due until paid in full at the Default Rate, payable on the first Business Day of each month, and following an Acceleration Event, payable upon demand.

(d) *Determination of Taxability.* (i) In the event a Determination of Taxability occurs, to the extent not captured in Section 2.2(a) hereof, the Authority hereby agrees to pay to the Lender (or the holder of the Bonds) on demand therefor (1) a fee in an amount equal to the difference between (A) the amount of interest that would have been paid to the Lender (or the

holder of the Bond) on the Term Loan during the period for which interest on the Term Loan is included in the gross income of the Lender (or the holder of the Bonds) if the Term Loan had borne interest at the Taxable Rate applicable thereto, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Lender (or the holder of the Bonds) during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Lender (or the holder of the Bonds) as a result of interest on the Term Loan becoming included in the gross income of the Lender (or the holder of the Bonds), together with any and all attorneys’ fees, court costs, or other out-of-pocket costs incurred by the Lender (or the holder of the Bonds) in connection therewith;

(ii) Subject to the provisions of clause (iii) below, the Lender shall afford the Authority the opportunity, at the Authority’s sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on any of the Term Loan to be included in the gross income of the Lender (or the holder of the Bond) or (2) any challenge to the validity of the tax exemption with respect to the interest on any of the Term Loan, including the right to direct the necessary administrative proceedings and/or litigation contesting such challenge (including administrative audit appeals); and

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse the Lender for any and all reasonable expenses (including attorneys’ fees for services that may be required or desirable, as determined by the Lender in its sole discretion) that may be incurred by the Lender in connection with any such contest, and shall, on demand, immediately reimburse the Lender for any and all penalties or other charges payable by the Lender for failure to include such interest in its gross income.

Section 2.3 Computation of Interest. All interest on the Obligations evidenced by the Bonds shall be computed on the basis of a year of 360 days for the actual number of days elapsed. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

Section 2.4 Manner and Disbursement of the Term Loan. The Authority shall give written notice to the Lender (which notice shall be irrevocable once given) by no later than 12:00 p.m. on the second Business Day preceding the Draw Date (the “*Borrowing Notice*”) in the form attached hereto as Exhibit A. The Borrowing Notice shall specify the amount of the Term Loan to be made on the Draw Date. The Authority agrees that the Lender may rely upon any written notice given by any person the Lender in good faith believes is an Authorized Representative without the necessity of independent investigation. Subject to the satisfaction of the conditions precedent set forth in Section 6.1 and 6.2 hereof, the proceeds of the Term Loan shall be made available to the Authority in immediately available funds in accordance with the terms of the written disbursement instructions of the Authority.

Section 2.5 Repayment of Term Loan.

(a) The Authority shall pay the Mandatory Amortization Amounts on the Mandatory Amortization Dates as shown on Exhibit C attached hereto.

(b) The Authority shall make a final payment comprised of all principal not sooner paid of the Term Loan (and all interest accrued thereon and not sooner paid) on the Maturity Date.

Section 2.6 Prepayment of Term Loan. On or after October 1, 2032, the Authority may prepay, with no amount due to the Lender under Section 2.9, the Term Loan in whole or in part (but, if in part, then in an amount not less than \$5,000,000) on any Business Day, upon notice to the Lender prior to 12:00 p.m. (such notice if received subsequent to 12:00 p.m. on a given day to be treated as though received at the opening of business on the next Business Day) two (2) Business Days prior to the date of prepayment and by paying to the Lender the principal amount to be prepaid on the Term Loan plus accrued interest thereon to the date of prepayment.

Section 2.7 Default Rate. Notwithstanding anything to the contrary contained herein, from and after the occurrence and during the continuance of an Event of Default and from and after any Acceleration Event, the Authority shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law), computed on the basis of a year of 360 days and the actual number of days elapsed, on all Obligations hereunder at the Default Rate.

From and after the occurrence and during the continuance of any Event of Default, interest shall continue to be payable on each Interest Payment Date, and following an Acceleration Event, shall be payable upon demand.

Section 2.8 The Bonds. (a) The Term Loan made to the Authority by the Lender and the Authority's obligation to repay the Term Loan with interest in accordance with the terms of this Agreement shall be evidenced by the Bonds of the Authority issued to the Lender in the form attached as Exhibit B hereto, appropriately completed. On the Draw Date, the Authority shall execute and deliver the Bonds.

(b) The Lender shall record on its books and records or on a schedule to the Bonds the amount of the Term Loan and all payments of principal and interest and the principal balance from time to time outstanding thereon. The record thereof, whether shown on such books and records of the Lender or on a schedule to the Bonds, shall be prima facie evidence as to all such matters absent manifest error; *provided, however*, that the failure of the Lender to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Authority to repay the Term Loan made to it hereunder together with accrued interest thereon.

Section 2.9 Funding Reimbursement. (a) In order to set the Fixed Rate with respect to each Mandatory Amortization Date for the Term Loan, the Authority agrees that, if for any reason, funding does not take place on the Draw Date or, prior to October 1, 2032, the principal of the Term Loan is paid prior to the Maturity Date (other than as a regularly scheduled amortization of principal of the Term Loan as set forth in Section 2.5(a) hereof), then the Authority shall pay a breakage fee as described in subsections (c) and (d) below to the Lender (or its assignee) within five (5) Business Days of the Lender's written request, as further described in this Section 2.9.

(b) As used in this Section 2.9, the following terms have the following meanings:

“*Applied Tenor*” means either the “Designated Tenor” or the “Remaining Tenor” as indicated for the applicable Swap Rate.

“*Breakage Date*” means the date on which the Lender receives notice that an event has occurred that, in accordance with the terms hereof, (i) if in relation to the Pre-Funding Breakage Fee, will result in all or part of the Term Loan not being funded on the Draw Date or (ii) if in relation to the Post-Funding Breakage Fee, will result in prepayment for any reason prior to October 1, 2032.

“*Call Premium*” means the rate in relation to providing the call optionality on or after October 1, 2032 for the applicable Mandatory Amortization Date as set forth in Exhibit D attached hereto.

“*Designated Tenor*” means, for each Mandatory Amortization Amount, the duration of the fixed interest rate period from the Draw Date through the applicable Mandatory Amortization Date.

“*Remaining Tenor*” means, for each Mandatory Amortization Amount, the duration of the fixed interest rate period from the Breakage Date through the applicable Mandatory Amortization Date.

“*Swap Rate*” means, for each Mandatory Amortization Amount due on the applicable Mandatory Amortization Date, the US Dollar Swap Rate that appears on Bloomberg page “FWCM” or any successor page established by Bloomberg (the “*Service*”) as the ‘Last Price’ on the applicable date for the Applied Tenor and, if for calculating the Pre-funding Breakage Fee, for the forward period from such applicable date to the Draw Date, each linearly interpolated as necessary, or the following alternatives, as applicable:

(i) If the Service does not publish a US Dollar Swap Rate on either the Closing Date or the Breakage Date, the most recent US Dollar Swap Rate published by the Service as of the Closing Date or Breakage Date, as applicable, will be utilized;

(ii) if the Service no longer publishes any US Dollar Swap Rates, the Lender may utilize other sources for determining the value of the US Dollar Swap Rate or may, in lieu of the US Dollar Swap Rates, utilize other US dollar interest rate swap rates obtained from other sources that it determines, in its sole discretion, provide current market-based information as to mid-price US dollar interest rate swap rates; or

(iii) if there is no Swap Rate for the Applied Tenor, the applicable Swap Rate will be based upon the linear interpolation between the Swap Rates reported by the Service (or alternative sources) for the closest tenors above and below the Applied Tenors. The Lender’s determination of the interpolated rate shall be deemed conclusive.

(c) *Pre-funding Breakage Fee.*

(i) The Authority agrees that, if for any reason, the full Commitment is not funded in accordance with the terms of the Related Documents on the Draw Date, then the Authority shall pay a breakage fee as described in Section 2.9(c)(ii) below (a “*Pre-funding Breakage Fee*”) to the Lender within five (5) Business Days of the Lender’s written request, as further described in this Section 2.9(c). Any non-funded amount shall be applied to the Mandatory Amortization Dates in chronological order from latest to earliest.

(ii) The Pre-funding Breakage Fee shall be the amount, if any, equal to any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted, including call optionality, to be acquired by the Lender to maintain its commitments to fund or maintain the term of the financing or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Lender) incurred by the Lender as a result of not funding the full Commitment on the Draw Date for any reason. Specifically, the Pre-funding Breakage Fee shall be due and payable if (A) exceeds (B) where

(A) equals total scheduled interest payments due on the non-funded Mandatory Amortization Amounts calculated at the rate that is the sum of (i) the applicable Swap Rates (Applied Tenor being the Designated Tenor) on the Closing Date and (ii) the applicable Call Premiums; and

(B) equals the total scheduled interest payments due on non-funded Mandatory Amortization Amounts calculated at the rate that is the applicable Swap Rates (Applied Tenor being the Designated Tenor) on the Breakage Date.

(iii) If (B) above is equal to or greater than (A) above, then no Pre-funding Breakage Fee is due. The Pre-funding Breakage Fee payable to the Lender shall be equal to the net present value of the difference in scheduled interest payments of (A) above less (B) above for each scheduled interest period, discounted at the applicable Swap Rate (Applied Tenor being the Designated Tenor) as of the Breakage Date, as determined above. Notwithstanding anything herein to the contrary, if all of the conditions precedent set forth in Section 6.1 and 6.2 hereof are satisfied in full on the Draw Date, but the Lender fails to make the Term Loan on the Draw Date, no Pre-funding Breakage Fee shall be payable.

(d) *Post-funding Breakage Fee.*

(i) After the Draw Date but prior to October 1, 2032, the Authority agrees that, if for any reason, the principal of the Bonds is paid prior to the applicable Mandatory Amortization Dates for the applicable Mandatory Amortization Amounts as set forth in Exhibit C attached hereof, then the Authority shall pay a breakage fee as described in Section 2.9(d)(ii) below (a “*Post-funding Breakage Fee*”) to the Lender within five (5) Business Days of the Lender’s written request, as further described in this Section 2.9(d). Any

prepayment shall be applied to the Mandatory Amortization Dates in chronological order from latest to earliest.

(ii) The Post-funding Breakage Fee shall be the amount, if any, equal to any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted, including call optionality, to be acquired by the Lender to maintain its commitments to fund or maintain the term of the financing or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Lender) incurred by the Lender as a result of prepayment prior to October 1, 2032 for any reason. Specifically, the Post-funding Breakage Fee shall be due and payable if (Y) exceeds (Z) where

(Y) equals the total remaining scheduled interest payments due on the applicable Mandatory Amortization Amounts being prepaid calculated at the rate that is the sum of (i) the applicable Swap Rates (Applied Tenor being the Designated Tenor) on the Closing Date and (ii) the applicable Call Premiums; and

(Z) equals the total remaining scheduled interest payments due on the applicable Mandatory Amortization Amounts being prepaid calculated at the rate that is the applicable Swap Rates (Applied Tenor being the Remaining Tenor) on the Breakage Date.

(iii) If (Z) above is equal to or greater than (Y) above, then no Post-funding Breakage Fee is due. The Post-funding Breakage Fee payable to the Lender shall be equal to the net present value of the difference in scheduled interest payments of (Y) above less (Z) above for each scheduled interest period, discounted at the applicable Swap Rate (Applied Tenor being the Remaining Tenor) as of the Breakage Date, as determined above.

(e) If the Lender makes such a claim for compensation, it shall provide to the Authority a certificate executed by an officer of the Lender setting forth the amount of the Pre-funding Breakage Fee or the Post-funding Breakage Fee, as applicable, and the basis of its calculation in reasonable detail and such certificate shall be conclusive if reasonably determined (absent manifest error).

Section 2.10 Maximum Rate; Payment of Fee. If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period, and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and without regard to the limitations of this Section 2.10 and (ii) the Maximum Rate (the “*Excess Interest*”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Lender, with respect to amounts then payable to the Lender that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Lender to equal the Maximum Rate, which payments of

deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Lender. Upon the date all Obligations are payable hereunder following the termination of this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, the Authority shall, to the extent permitted by law, pay to the Lender a fee equal to the amount of all unpaid deferred Excess Interest.

Section 2.11 Security. The Term Loan and all other Obligations of the Authority owed to the Lender hereunder and under the other Related Documents shall be deemed Subordinate Debt, shall be secured by the Trust Estate as and to the extent applicable to all Subordinate Debt, and shall be payable from the Pledged Funds and the Net Revenues deposited in the Subordinate Bond Fund, together with income derived from any investment of the foregoing.

SECTION 3. FEES.

Section 3.1 Amendment Fee. The Authority agrees to pay to the Lender on the date of each amendment, modification, or supplement of the Agreement or any amendment, modification, or supplement to any other Related Document which requires the waiver or consent of the Lender, an amendment, modification, supplement, waiver or consent fee, as applicable, in an amount equal to \$3,000, plus the reasonable fees and expenses of any legal counsel retained by the Lender in connection therewith.

SECTION 4. PLACE AND APPLICATION OF PAYMENTS.

Section 4.1 Place and Application of Payments. All payments of principal of and interest on the Term Loan, and of all other amounts payable by the Authority under this Agreement, shall be made by the Authority (through the Trustee with respect to amounts paid pursuant to the Indenture) to the Lender by no later than 2:00 p.m. on the due date thereof to the Payment Account (or such other account or location as the Lender may designate to the Authority and the Trustee). Any payments received after such time shall be deemed to have been received by the Lender on the next Business Day. All such payments shall be made free and clear of, and without any deduction or reduction whatsoever, including any set-off, counterclaim, levy, withholding or any other deduction of any kind in U.S. Dollars, in immediately available funds at the place of payment.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Authority hereby represents and warrants to the Lender as follows:

Section 5.1 Status. The Authority (a) is duly organized and validly existing as an independent authority of the government of the District of Columbia, (b) is qualified or licensed to transact business in the District of Columbia and each jurisdiction in which the nature of the business conducted by it makes such qualification necessary, (c) has full power and authority to own its properties, operate the System and carry on its business as now conducted, including the autonomy to set rates for its services and (d) has all requisite power and authority to pledge the Authority's Net Revenues to the payment of the principal of and interest on the Term Loan and the payment of all other Obligations owed to the Lender hereunder.

Section 5.2 Power and Authority. The Authority has the requisite power and authority to execute and deliver, and to perform its obligations under, this Agreement and the other Related Documents to which it is or will be a party and has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Related Documents to which it is or will be a party.

Section 5.3 Enforceability. Assuming due authorization, execution and delivery by each of the other parties thereto, each of this Agreement and the Related Documents to which the Authority is a party constitutes, and the Bonds when issued will constitute, the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its respective terms, except as such enforceability may be limited by the Authority's bankruptcy, moratorium, insolvency or similar laws or equitable principles relating to or limiting the rights of creditors generally. Each of the Related Documents is or will be on the Closing Date or, with respect to the Bonds and the Twenty-Seventh Supplemental Indenture, the Draw Date, in full force and effect.

Section 5.4 No Conflict. The execution and delivery of this Agreement and the Related Documents and the performance by the Authority of its obligations hereunder and thereunder do not and will not violate any constitutional provision or any law, including, without limitation, any usury law, or any regulation, order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to the Authority, or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien (other than the lien of the Master Indenture) upon any of the assets of the Authority pursuant to the terms of, any ordinance, resolution, mortgage, indenture, agreement or instrument to which the Authority is a party or by which it or any of its properties is bound.

Section 5.5 Consents. All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with, any court or any Governmental Authority, bureau or agency required to be obtained in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the other Related Documents (including the Bonds) have been obtained and are in full force and effect.

Section 5.6 No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the best knowledge of the Authority, threatened against or affecting the Authority or the System wherein an unfavorable decision, ruling or finding would have a material adverse effect on the properties, business, condition (financial or other), results of operations or prospects of the Authority, the System or the transactions contemplated by this Agreement, the Bonds or the other Related Documents, or which would adversely affect the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, this Agreement or any other Related Document to which it is a party.

Section 5.7 Default. No Event of Default or Default has occurred and is continuing. The Authority is not in default with respect to any contractual obligation or Law (including the Act) that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.8 Disclosure. No representation, warranty or other statement made by the Authority in or pursuant to this Agreement or any Related Document or any other document or financial statement provided by the Authority to the Lender in connection with this Agreement or any other Related Document, contains any untrue statement of a material fact or omits (as of the date made or furnished) any material fact necessary to make the statements herein or therein not misleading in light of the circumstances under which they are made. There is no fact known to the Authority which the Authority has not disclosed to the Lender in writing which materially adversely affects or, so far as the Authority can now reasonably foresee, is likely to materially adversely affect the ability (financial or otherwise) of the Authority to perform its obligations hereunder or under the Related Documents.

Section 5.9 Bonds; Parity Indebtedness. The Bonds have been and will be duly issued under the Resolution and the Master Indenture and the Bonds are entitled to the benefits thereof and of the Master Indenture, including the pledge, on a subordinated basis, of the Trust Estate pursuant to the Master Indenture. The Bonds and the lien securing the Bonds are each on a parity with all Subordinate Debt. There is no Lien on the Trust Estate thereto granted, pursuant to the Master Indenture, as security for the holders of Senior Debt and, on a subordinate basis, Subordinate Debt, other than the Liens created by or pursuant to the Master Indenture. The Master Indenture does not permit the issuance of any Debt secured by the Trust Estate to rank senior to the Bonds, other than Senior Debt issued and to be issued under the Master Indenture. No filing, registering, recording or publication of the Master Indenture or the Resolution or any other instrument is required to establish the pledge under the Master Indenture or to perfect, protect or maintain the Lien created thereby on the Trust Estate, including the Net Revenues, in the case of the Master Indenture, to secure the Bonds.

Section 5.10 Incorporation of Representations and Warranties. The Authority hereby makes to the Lender the same representations and warranties as were made by it in the Related Documents, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Lender.

Section 5.11 Employment Benefit Plan Compliance. Except to the extent not reasonably expected to result, either singly or in the aggregate, in liability to the Authority, (a) each Employee Benefit Plan has been operated in substantial compliance with its terms and with all applicable provisions and requirements of the Code and all other applicable federal, state, and local laws, (b) the Authority have performed all its obligations under each Employee Benefit Plan and (c) the accrued benefit obligations of each Employee Benefit Plan (based on those assumptions used to fund such Employee Benefit Plan) with respect to all current and former participants do not exceed the assets of such Employee Benefit Plan. No Benefit Plan Event or similar event has occurred or is reasonably expected to occur that could reasonably result, either singly or in the aggregate with all other such Benefit Plan Events and similar events, in liability to the Authority. Each of the Employee Benefit Plans is a “governmental plan” (as defined in Section 3(32) of ERISA). None of the Employee Benefit Plans is subject to ERISA.

Section 5.12 Financial Statements. As of the date hereof, the audited balance sheets of the Authority as of September 30, 2019 and the related statements of revenues, expenses and changes in retained earnings, and cash flows, of the Authority for the Authority's fiscal year then ended, and the accompanying footnotes thereon, dated September 30, 2019, of KPMG LLP, independent certified public accountants, copies of which have been delivered to the Lender, are complete and correct and fairly present the financial condition of the Authority as at such dates, for the periods covered by such statements, all in conformity with generally accepted accounting principles consistently applied. Since September 30, 2019, there has been no material adverse change in the condition (financial or otherwise), business or operations of the Authority.

Section 5.13 No Proposed Legal Changes. There is no amendment, or to the knowledge of the Authority, proposed amendment certified for placement on a ballot within the District of Columbia or any District of Columbia law, or any legislation that has passed either house of the United States Congress, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect the Bonds or the Authority's ability to perform its obligations under this Agreement, the Bonds, and the other Related Documents. There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.14 Margin Stock. No portion of the proceeds of any Bonds will be used by the Authority (or the Trustee or any other Person on behalf of the Authority) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U issued by the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such use of proceeds.

Section 5.15 Permitted Investments. The Authority has neither made any investment nor entered into any agreements for the purpose of effecting any investment which are not permitted to be made by it pursuant to its investment guidelines, the Master Indenture or any other Related Document.

Section 5.16 Environmental Laws. Except as disclosed in writing to the Lender, the Authority has not received notice to the effect that the operations of the System are not in compliance with Environmental Laws.

Section 5.17 Insurance. The Authority currently maintains insurance coverage with insurance companies believed to be responsible by the Authority (as determined in its reasonable discretion) against such risks and in such amounts as is customarily maintained by companies or other entities similarly situated to the Authority and operating like properties and businesses to that of the Authority.

Section 5.18 Anti-Corruption Laws and Sanctions. The Authority has implemented and maintains in effect policies and procedures designed to ensure compliance by the Authority and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Authority and its officers and directors and, to the knowledge of the Authority, its employees and agents, are in compliance with Anti-Corruption Laws and

applicable Sanctions in all material respects. None of (a) the Authority, any of its directors or officers or, to the knowledge of the Authority, employees, or (b) to the knowledge of the Authority, any agent of the Authority that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Term Loan, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

Section 5.19 Sovereign Immunity Defense. The Authority 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.

Section 5.20 Tax-Exempt Status. The Authority has not taken any action or omitted to take any action, and has no knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Term Loan and the Bonds from gross income for federal income tax purposes.

Section 5.21 No Existing Right to Accelerate. As of the Closing Date, so long as Senior Debt is outstanding, no Person has a right under any indenture, contract, agreement or other instrument relating to any Subordinate Debt or any other document or agreement relating to any Subordinate Debt, to direct or declare the principal of and interest on any Subordinate Debt to be immediately due and payable or otherwise accelerate the payment of such Subordinate Debt.

SECTION 6. CONDITIONS PRECEDENT.

Section 6.1 Closing Date. This Agreement shall not become effective until each of the following is satisfied or waived:

(a) The Lender shall receive a certificate to the effect that on the Closing Date (and after giving effect to the terms hereof), (i) there shall exist no Event of Default or Default, (ii) all representations and warranties made by Authority herein shall be true and correct as of such date and (iii) there shall exist no event or condition that has had or could be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect.

(b) The Lender shall have received executed originals or certified copies of this Agreement and the Twenty-Seventh Supplemental Indenture, each of which documents shall be in full force and effect on the Closing Date and in form and substance satisfactory to the Lender.

(c) The Lender shall have received (i) a legal opinion of counsel to the Authority, in form and substance satisfactory to the Lender, addressed to the Lender and dated the Closing Date; and (ii) the form of opinion of Bond Counsel to be delivered pursuant to Section 6.2(c) hereof to the effect that interest on the Bonds and the Term Loan evidenced thereby is exempt from federal income taxation, such form of opinion to be in form and substance satisfactory to the Lender.

(d) The Lender shall have received correct copies of all governmental approvals, if any, necessary for the Authority to incur Subordinate Debt, and to execute, deliver and perform its obligations hereunder and under the Related Documents.

(e) The Lender shall have received copies of resolutions or ordinances or other authorizing documentation of the Authority authorizing the execution and delivery of the Related Documents and the consummation of the transactions contemplated thereby together with specimen signatures of the persons authorized to execute such documents on the Authority's behalf, all certified in each instance by the Secretary of the Authority, which documents shall be in full force and effect on the Closing Date and in form and substance satisfactory to the Lender.

(f) The Lender shall have received satisfactory financial information, budgets and projections of the Authority as requested by the Lender.

(g) The Lender shall have received such other agreements, instruments, documents, certificates and opinions as the Lender may reasonably request.

(h) All legal matters incident to the execution and delivery of the Related Documents shall be satisfactory to the Lender.

Section 6.2 Term Loan. At the time of the making of the Term Loan hereunder:

(a) The Lender shall have received executed originals or certified copies of each of the following documents, as applicable, which documents shall be in full force and effect on the Draw Date and in form and substance satisfactory to the Lender:

- (i) the Bonds; and
- (ii) the Tax Agreement.

(b) the Lender shall have received a certificate of the Authority to the following effect:

(i) each of the representations and warranties set forth herein and in the other Related Documents shall be and remain true and correct in all material respects as of said time, except to the extent the same expressly relate to an earlier date;

(ii) no Default or Event of Default shall have occurred and be continuing or would occur as a result of or in connection with the Term Loan;

(c) after giving effect to such extension of credit, the Term Loan shall not exceed the Commitment as of the Closing Date;

(d) the Lender shall have received (i) a legal opinion of counsel to the Authority, in form and substance satisfactory to the Lender, addressed to the Lender and dated the Draw Date; and (ii) an opinion of Bond Counsel in form and substance satisfactory to the Lender, addressed to the Lender and dated the Draw Date, to the effect that interest on the Bonds and the Term Loan evidenced thereby is exempt from federal income taxation;

(e) the Lender shall have received the Borrowing Notice as required by Section 2.4 hereto; and

(f) the unenhanced long-term ratings on Parity Debt of the Authority shall not have been suspended or otherwise withdrawn by any of Moody's, S&P or Fitch and such rating shall be at least "A2" (or its equivalent) by Moody's, "A" (or its equivalent) by S&P and "A" (or its equivalent) by Fitch on the Draw Date;

(g) the making of the Term Loan shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Lender as then in effect.

The request for the Term Loan hereunder shall be deemed to be a representation and warranty by the Authority on the Draw Date as to the facts specified in this Section; *provided, however*, that the Lender may continue to make the Term Loan, in the sole discretion of the Lender, notwithstanding the failure of the Authority to satisfy one or more of the conditions set forth above and the Term Loan so made shall not be deemed a waiver of any Default or Event of Default or other condition set forth above that may then exist.

SECTION 7. COVENANTS.

The Authority covenants and agrees that, so long as the Term Loan or other Obligations are outstanding hereunder, or any Commitment is available to or in use by the Authority hereunder, except to the extent compliance in any case is waived in writing by the Lender:

Section 7.1 Payment Obligations. The Authority shall promptly pay or cause to be paid all amounts payable by it hereunder and under the Related Documents according to the terms hereof or thereof and shall duly perform each of its obligations under this Agreement, including, without limitation, under Section 9.02, and the other Related Documents to which it is a party. All payments of principal, interest and any other sums due hereunder shall be made in the amounts required hereunder without any reduction or setoff, notwithstanding the assertion of any right of recoupment or setoff or of any counterclaim by the Authority.

Section 7.2 Related Documents.

(a) The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each Related Document to which it is a party, including, without limitation, the rate covenant set forth in Section 601 of the Master Indenture, and in each case such provisions, together with the related definitions of terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety.

(b) The Authority shall not amend, supplement or otherwise modify (or permit any of the foregoing), or request or agree to any consent or waiver under, or effect or permit the cancellation, acceleration or termination of, or (except as otherwise permitted under the Related Documents) release or permit the release of any collateral held under any of the Related Documents which is not otherwise contemplated by, or permitted pursuant to the terms of, any of the Related Documents, without the prior written consent of the Lender; *provided, however*, that the consent of the Lender shall not be required with respect to (i) amendments, supplements and modifications to the Related Documents which do not require consent of Bondholders pursuant to clauses (a), (b), (c), (f), (g) or (h) of Section 1001 of the Master Indenture, but the Authority

shall provide prior written notice of any such amendments, supplements and modifications to the Lender, and (ii) supplements entered into solely for the purpose of providing for the issuance of a series of bonds pursuant to the Master Indenture.

Section 7.3 Access to Books and Records; Reporting Requirements. The Authority shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Authority in accordance with GAAP, consistently applied, and, upon reasonable prior notice and during normal business hours the Authority will permit representatives of the Lender to visit and inspect the Authority's property, including its books and records, its accounts receivable and inventory, the Authority's facilities and its other business assets and to discuss such matters with the officers of the Authority. Notwithstanding the foregoing, following the occurrence of a Default or an Event of Default, all expenses incurred by the Lender, its agents and representatives in connection with the foregoing will be for the account of the Authority until such time as such Default or Event of Default has been cured to the satisfaction of the Lender or waived, in writing, by the Lender.

The Authority will furnish to the Lender a copy of each of the following:

(a) as soon as available and in any event within one hundred eighty (180) days after the end of each Fiscal Year of the Authority, a balance sheet of the Authority as of the end of such fiscal year and the related statements of revenues, expenses, changes in retained earnings and cash flows for such fiscal year and accompanying notes thereto, all prepared in accordance with GAAP and in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an opinion thereon of KPMG LLP, or another firm of independent public accountants of recognized national standing, selected by the Authority, to the effect that the financial statements described herein have been prepared in accordance with GAAP and present fairly in accordance with GAAP the consolidated financial condition of the Authority as of the close of such fiscal year and the results of their operations and cash flows for the fiscal year then ended and that an examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(b) simultaneously with the delivery of each set of financial statements referred to in clause (a) above, a certificate of the Authority stating that the Authority is in compliance with the rate covenant set forth in Section 601 of the Master Indenture (including calculations evidencing such compliance) and that, to the best knowledge of the chief financial officer (or his/her designee) of the Authority, there exists on the date of such certificate no Default or Event of Default or, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Authority is taking or proposes to take with respect thereto;

(c) promptly and in any event within five (5) Business Days after any officer of the Authority obtains knowledge thereof, written notice of the occurrence of any Default or Event of Default, together with a statement of the Authority setting forth the details thereof and the action which the Authority is taking or proposes to take with respect thereto;

(d) promptly after process has been served on the Authority, notice of any action, suit or proceeding before any court or arbitrator or any governmental body, agency or official in which there is a reasonable probability of an adverse decision which could (i) materially adversely affect the business, financial position or results of operations of the Authority or the ability of the Authority to perform its obligations hereunder, under the Bonds or under any other Related Document or (ii) draw into question the validity or enforceability of this Agreement, the Bonds or any other Related Document or (iii) challenge the validity or enforceability of the security interest in and the pledge of the Trust Estate, or the priority of such pledge and Lien in favor of the Bonds over any or all other liabilities and obligations of the Authority (except in respect of Senior Debt) as against all Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons shall have notice thereof;

(e) promptly upon the availability thereof, a copy of any official statement, offering memorandum or other disclosure documents relating to the offering of any Indebtedness secured by and payable from Net Revenues;

(f) as soon as available and in any event within thirty (30) days after adoption, a copy of the Authority's operating budget (including, without limitation, annual expenses) for each fiscal year of the Authority, prepared pursuant to Section 602 of the Master Indenture and including the budget for the System for such fiscal year, and a copy of the capital budget, and any amendments thereto, prepared pursuant to Section 811 of the Master Indenture;

(g) as soon as the forms may be made available to or filed with the Trustee, any report, recommendation, finding, audit or other document required pursuant to Sections 601, 602, 808 and 810 of the Master Indenture;

(h) promptly upon the availability thereof, a copy of each Monthly Financial Report (containing a summary of the Authority's financial condition, as at the close of such period, including the fiscal year-to-date total revenues and operating expenditures as compared to current fiscal year budget, in substantially the same format as is currently set forth in the Financial Report portion of the minutes of the Finance and Budget Committee Board of Directors) prepared by the Authority's Department of Finance, Accounting and Budget;

(i) as soon as available to the Authority, copies of all enacted legislation which, to the best knowledge of the Authority, relates to, in any material way, or impacts upon this Agreement, the Bonds or the other Related Documents or the ability of the Authority to perform its obligations in connection herewith or therewith; and

(j) from time to time such additional information regarding the financial position, operations, business or prospects of the Authority and regarding the System as the Lender may reasonably request.

As and to the extent the information required by this Section 7.3 has been properly and timely filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System, the Authority will be deemed to have complied with the provisions of this Section; *provided, however*, that (y) the Authority shall have delivered written notice to the Lender of such filing and (z) the Lender has access to the information so filed.

Section 7.4 Compliance with Laws. The Authority shall comply with all laws, ordinances, orders, rules and regulations (including, without limitation, all Environmental Laws) that may be applicable to it and the System, if the failure to comply could have a material adverse effect on the security for any of the Bonds, or the Authority's ability to repay when due its obligations under this Agreement, any of the Bonds, and the Related Documents unless the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the material adverse effect of such failure to comply. The Authority will maintain in effect and enforce policies and procedures designed to ensure compliance by the Authority and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 7.5 Notices. In addition to and not in substitution of its obligation to furnish any other notice hereunder, the Authority will promptly furnish, or cause to be furnished, to the Lender (a) notice of the occurrence of any Event of Default or any development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect, (b) notice of the failure by the Trustee to perform any of its obligations under the Master Indenture, (c) notice of any proposed termination or substitution of this Agreement, and (d) each notice required to be given to the Lender pursuant to the Master Indenture or the Resolution.

Section 7.6 Certain Information. The Authority shall not include in an offering document with respect to Senior Debt or any Parity Debt any information concerning the Lender that is not supplied in writing, or otherwise consented to, by the Lender expressly for inclusion therein. The Authority agrees to provide to the Lender, in writing, all information and notices it is required to provide to the Municipal Securities Rulemaking Board (the "MSRB") in accordance with Securities and Exchange Commission Rule 15(c)2-12, simultaneously with the providing thereof to the MSRB.

Section 7.7 Maintenance of Franchises. The Authority will maintain, or cause to be maintained, all licenses and franchises, required by the District of Columbia or any other Governmental Authority for operation of the System and the sale of water to customers, the loss of which would have or, could reasonably be expected to result in, a material adverse effect regarding the financial position, operations, business or prospects of the Authority or the System.

Section 7.8 Accounting Methods and Fiscal Year. The Authority will not adopt, permit or consent to any change in its established fiscal year without giving the Lender written notice thereof.

Section 7.9 Employment Benefit Plans.

(a) Except as would not reasonably be expected to result, either singly or in the aggregate, in material liability to the Authority, the Authority shall do each of the following: (i) maintain each Employee Benefit Plan in compliance with the applicable provisions of the Code and all other applicable federal, state and local laws; (ii) cause each Qualified Plan to maintain its qualified status under Section 401(a) of the Code; (iii) timely make all required contributions to each Employee Benefit Plan; (iv) ensure that all liabilities under each Employee Benefit Plan are (A) funded to at least the minimum level required by law and, to the extent applicable, by the terms governing such Employee Benefit Plan, (B) insured with a reputable insurance company,

or (C) provided for or recognized to the extent required by applicable accounting standards in the most recent annual audit report; and (vi) ensure that the contributions or premium payments to or in respect of each Employee Benefit Plan is and continues to be promptly paid at no less than the rates required under applicable law and in accordance with the most recent actuarial advice received in relation to such Employee Benefit Plan and any order, rule or regulation of any court or other agency of government applicable to such Employee Benefit Plan.

(b) Except as would not reasonably be expected to result, either singly or in the aggregate, in material liability to the Authority, the Authority shall not terminate any Qualified Plan.

(c) The Authority shall provide to the Lender as soon as possible, and in any event within ten (10) days after the Authority knows or has reason to know of the occurrence of any Benefit Plan Event or similar event with respect to any Employee Benefit Plan that could result in a material liability to such Employee Benefit Plan or to the Authority, a statement of the chief financial officer of the Authority describing such event and the action, if any, that the Authority proposes to take with respect thereto.

(d) Other than an Employee Benefit Plan in existence on the date of this Agreement and other than as required by law, the Authority shall not adopt, establish, participate in, or incur any obligation to contribute to, any Employee Benefit Plan or incur any liability to provide post-retirement welfare benefits to the extent such obligations or unfunded liabilities could reasonably be expected to result in a material adverse effect on the financial condition of the Authority or on the ability of the Authority to perform its obligations hereunder.

Section 7.10 Additional Obligations. The Authority shall not issue any bonds, notes or similar obligations or evidence of indebtedness payable from the Net Revenues or any other amounts, accounts or other property held under the Master Indenture except as permitted by the Master Indenture.

Section 7.11 Permitted Liens. The Authority shall not sell or dispose of or create any Lien on the System or create or incur or permit to exist any Lien on the Trust Estate, the Net Revenues on deposit in the Subordinate Fund or any other funds, accounts or other property held under the Master Indenture.

Section 7.12 Provisions to Facilitate Payments. Subject to Section 602 of the Master Indenture, the Authority shall cause to be included in each annual budget of the Authority reasonable provisions for the payment of all amounts due and estimated to become due with respect to the Bonds and all obligations payable to the Lender under this Agreement, the Bonds and the other Related Documents during the Fiscal Year of the Authority covered by such budget. To the extent estimates are used, such estimates shall be made by the Authority in good faith and shall be based upon reasonable estimates of the amount of Senior Debt and Subordinate Debt expected to be outstanding, the Revenues and Operating Expenses anticipated to be received and paid for such Fiscal Year, and the interest rates reasonably expected to be charged during the coming fiscal year for the remaining term of the Senior Debt and Subordinate Debt. To the extent that amounts actually due and payable to the Lender under this Agreement, the Bonds and the other Related Documents in any Fiscal Year exceed the amounts estimated and/or

available therefrom in an annual budget of the Authority for such Fiscal Year, the Authority shall take, or cause to be taken, as promptly as possible, all such actions (including, without limitation, amendments of such annual budget) as may be required to permit and facilitate the expenditure of additional moneys from all sources legally available for the payment of such amounts.

Section 7.13 Taxes and Liabilities. The Authority will pay, or cause to be paid, all Indebtedness of the Authority and the System promptly and in accordance with the terms thereof and to pay and discharge, or cause to be paid and discharged, promptly all taxes, assessments, and governmental charges or levies imposed upon it or the System, including income and profits, or upon any of its property, real, personal, or mixed, or upon any part thereof, before the same shall become in default, except for those matters which are reasonably being contested in good faith by appropriate action or proceedings or for which the Authority has established adequate reserves in accordance with GAAP.

Section 7.14 Payment of Fees. The Authority hereby agrees that fees and other amounts payable to the Lender (other than principal and interest on the Term Loan or the Bonds) shall constitute Operating Expenses pursuant to the Master Indenture and, pursuant to Section 604(c) of the Master Indenture, will be paid from the Operating Reserve Fund when due. The Authority further agrees that to the extent sufficient funds are not available in the Operating Reserve Fund to pay such fees and other amounts when due for any reason, the Authority will immediately pay or cause to be paid such fees and other amounts from available funds of the Authority.

Section 7.15 Maintenance of Existence; No Merger. The Authority shall preserve and maintain its existence as an independent authority of the District of Columbia and to perform its obligations under this Agreement and the Related Documents. The Authority will at all times maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the Authority will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body or other Governmental Authority promulgating same, except for any noncompliance that, individually or in the aggregate, could not reasonably be expected to have a material adverse effect upon the Authority's business, operations, assets or financial condition. The Authority shall not consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it or acquire all or substantially all of the property and assets of any other Person if, at the time of such consolidation, merger, or acquisition the resulting or surviving entity fails to assume, by written document in form and substance satisfactory to the Lender, all the obligations of the Authority under this Agreement or the benefits of any Related Document fail to extend to the performance by such resulting or surviving entity of the Authority's obligations under this Agreement.

Section 7.16 Use of Proceeds. The Authority shall use the proceeds of the Bonds solely to refund the Refunded Bonds and to pay costs of issuance with respect to the transaction contemplated by this Agreement and the Bonds.

Section 7.17 Further Assurances. The Authority shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the reasonable request of the Lender, all such instruments and documents as in the reasonable judgment of the Lender are necessary to effectuate the intention of this Agreement and the other Related Documents.

Section 7.18 Investment Guidelines. The Authority will:

(a) promptly notify the Lender in writing of any changes proposed to the Authority's written investment policies or guidelines (the "*Investment Guidelines*") if the proposed change would increase the types of investments permitted by such Investment Guidelines.

(b) promptly notify the Lender in writing, after the adoption thereof by the Authority, of any change in the Investment Guidelines, which change increases the types of investments permitted by the Investment Guidelines and of which change the Lender was not previously notified pursuant to clause (a) above.

(c) within ten (10) Business Days of the adoption of any resolution of the Authority's Board amending its financing policies or financial practices or any provision or portion thereof, send a copy of such resolution to the Lender.

Section 7.19 Exempt Status. The Authority shall not take any action or omit to take any action that, if taken or omitted, would adversely affect the excludability of interest on the Bonds from the gross income of the holders thereof for purposes of federal income taxation.

Section 7.20 Regulation. The Authority covenants and agrees that no proceeds of the Term Loan or the Bonds shall be used, by or on behalf of the Authority, directly or indirectly to purchase or carry any Margin Stock.

Section 7.21 Hedge Agreements. The Authority shall at all times require that any termination fees or settlement amounts payable in connection with any Hedge Agreement entered into by the Authority on or after the Closing Date shall be subordinate to the payment of the Authority's obligations hereunder; *provided, however*, that the foregoing shall not operate to prevent amendments and supplements to Hedge Agreements entered into prior to the date hereof as long as such amendments or supplements do not operate to modify the priority of payment of any related termination fees or settlement amounts. The Authority shall use its best efforts to obtain any Hedge Agreement to which it is a counterparty without providing any collateral to support its obligations thereunder other than a Lien on Net Revenues, which Lien on Net Revenues (other than termination fees and settlement amounts) shall be on a parity with the Lien securing the indebtedness to which such Hedge Agreement relates; *provided, however*, that if no Hedge Agreement on the foregoing terms is then available to the Authority in any instance, the Authority may post cash collateral to support its obligations under the Hedge Agreement; *provided further, however*, that the aggregate notional amount of all such Hedge Agreements to which the Authority is a counterparty does not exceed ten percent (10%) of the aggregate Subordinate Debt of the Authority or such other amount as is approved in advance by the Lender.

Section 7.22 Sovereign Immunity Defense. Unless otherwise specifically provided by District of Columbia law, the Authority shall not raise the defense of sovereign immunity in any proceeding by the Lender to enforce any of the contractual obligations of the Authority under this Agreement, the Bonds or any other Related Document. Any such proceeding shall be brought exclusively in either the District of Columbia Superior Court or the United States District Court for the District of Columbia.

Section 7.23 Compliance with Anti-Corruption Laws and Sanctions. The Authority will maintain in effect and enforce policies and procedures designed to ensure compliance by the Authority and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions in all material respects.

Section 7.24 Use of Proceeds. The Authority will not request, nor cause to be requested, the Term Loan, and the Authority shall not use, and shall ensure that its directors, officers, employees and agents shall not use, the proceeds of the Term Loan or the Bonds (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, except to the extent permitted for a Person required to comply with Sanctions, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 7.25 Disclosure to Participants and Transferees. The Authority will permit the Lender to disclose the information described in Section 7.3 hereof to any participants, assignees and transferees.

Section 7.26 Accuracy of Information. All data, certificates, reports, opinions of counsel, documents and other information furnished to the Lender, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Lender true and accurate knowledge of the subject matter thereof, and (ii) not contain any untrue statements of a material fact, and the furnishing of the same to the Lender shall constitute a representation and warranty by the Authority to that effect. Each financial report furnished to the Lender, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement, shall, at the time the same is so furnished, fairly and accurately present the subject matter related thereto.

SECTION 8. EVENTS OF DEFAULT AND REMEDIES.

Section 8.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) the Authority shall (i) fail to pay the principal of or interest on any of the Term Loan or (ii) fail to pay when due payment of any other amount required to be made to the Lender pursuant to this Agreement or any other Related Document and, with respect to this clause (ii) only, such failure shall continue for five (5) Business Days;

(b) the Authority shall fail to observe or perform any covenant or agreement contained in Section 7.2(b), 7.3(a) (but solely as to the first paragraph thereof), 7.5(a), 7.10, 7.11, 7.15, 7.22, 7.23 or 7.24;

(c) failure of the Authority to observe or perform any of the covenants, conditions or provisions of this Agreement (other than as specified in (a) and (b) above) and to remedy such failure within 30 days after receipt by the Authority of written notice of such failure;

(d) any representation or warranty made by the Authority herein, or in any certificate, financial or other statement or other writing furnished by the Authority pursuant to this Agreement or any other Related Document, shall prove to have been untrue or incomplete in any material respect when made or deemed to have been made;

(e) (i) default by the Authority in the payment of the principal of or interest on any of its bonds or (ii) default by the Authority in the payment of any Debt owed to the Lender or (iii) default by the Authority in the payment of the principal of or interest on any Debt in an aggregate amount in excess of \$10,000,000 as and when the same shall become due or (iv) default under any mortgage, agreement or other instrument under or pursuant to which such Debt is incurred or issued and continuance of such default beyond the period of grace, if any, allowed with respect thereto which, in any such case, would give rise to the right of acceleration of any such bond or Debt;

(f) a default or event of default under any of the Related Documents shall have occurred and be continuing;

(g) entry or filing of any judgment, writ or warrant of attachment or of any similar process in an amount in excess of \$10,000,000 against the Authority or against any of its property and failure of the Authority to vacate, bond, stay or contest in good faith such judgment, writ, warrant of attachment or other process or failure to pay or satisfy such judgment within 60 days;

(h) the Authority shall commence a voluntary case or other proceeding seeking liquidation, reorganization, dissolution, rehabilitation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) appointment of a trustee in bankruptcy, custodian or receiver for the Authority or all or part of its property and failure to obtain discharge of such within 30 days after such appointment;

(j) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization, dissolution, rehabilitation or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter

in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of sixty (60) days; or the Authority or any Governmental Authority having jurisdiction over the Authority shall have declared a moratorium or taken similar action with respect to any of the Authority's debts;

(k) (i) this Agreement or any provision of Article II hereof or this Article VIII or any other provision hereof or of any Related Document affecting the security for or the payment of the Bonds or the other Obligations, or (ii) any provision of any agreement, instrument or document evidencing any Debt of the Authority or pursuant to which any such Debt has been issued or incurred which relates to or affects any security provided to the holder thereof or the payment thereof or constitutes an event of default or similar provision thereunder, shall at any time for any reason cease to be valid and binding on the Authority or shall be declared to be null and void by any Governmental Authority having jurisdiction over the Authority in each case pursuant to a final judgment or order; or the Authority shall contest the validity or enforceability of any of the foregoing or repudiate its obligations hereunder or under the Bonds; or

(l) the occurrence of any condition, event or series of events causing a change in the business, properties, condition (financial or otherwise) or operations, present or prospective, of the Authority that would materially adversely affect (i) the ability of the Authority to perform its obligations under this Agreement or (ii) the validity or enforceability of this Agreement or the rights and remedies of the Lender hereunder; or

(m) the ratings assigned to any Subordinate Debt of the Authority by any of S&P, Moody's and Fitch shall be (i) withdrawn or suspended or (ii) reduced below "BBB-", "Baa3" or "BBB-", respectively, or revoked.

Section 8.2 Non-Bankruptcy Defaults. When any Event of Default has occurred and is continuing (other than any Event of Default described in Section 8.1(h), (i) or (j) hereof, the Lender may, by written notice to the Authority: (i) terminate the Commitments and all other obligations of the Lender hereunder on the date stated in such notice (which may be the date thereof); (ii) upon the occurrence of any Acceleration Event, declare the principal of and the accrued interest on the outstanding Term Loan and all other outstanding Obligations to be forthwith due and payable and thereupon the Term Loan, including both principal and interest thereon, and all other outstanding Obligations, shall be and become immediately due and payable together with all other amounts payable under the Related Documents without further demand, presentment, protest or notice of any kind; and/or (iii) exercise all rights and remedies available to it at law or in equity.

Section 8.3 Bankruptcy Defaults. When any Event of Default described in subsection (h), (i) or (j) of Section 8.1 hereof has occurred and is continuing, then the Commitment of the Lender to extend credit pursuant to any of the terms hereof shall immediately terminate and the Lender may exercise all rights and remedies available to it at law or in equity.

Section 8.4 Acceleration Events. Notwithstanding anything herein to the contrary, upon the occurrence of any Acceleration Event or if any other holder of Subordinate Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries thereof) or any

counterparty under any Hedge Agreement related thereto causes any such Subordinate Debt to become immediately due and payable, the Lender may immediately, without notice, declare or cause to be declared the unpaid principal amount of the outstanding Term Loan and all other outstanding Obligations hereunder, including all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder, to be immediately due and payable.

SECTION 9. CHANGE IN CIRCUMSTANCES.

Section 9.1 Taxes. (a) Any and all payments to the Lender by the Authority hereunder or under any other Related Document shall be made free and clear of and without deduction for any and all Indemnified Taxes. If the Authority shall be required by law to withhold or deduct any Indemnified Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 9.1), the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section 9.1 to or for the benefit of the Lender with respect to Indemnified Taxes and if the Lender shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Lender to any taxing jurisdiction in the United States then the Lender shall pay to the Authority an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Lender pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority with respect to such Indemnified Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or from the execution or delivery of this Agreement or otherwise with respect to this Agreement (hereinafter referred to as “*Other Taxes*”). The Lender shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by the Authority to the Lender hereunder; *provided*, that the Lender’s failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder.

(b) The Authority shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Lender for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 9.1 paid by the Lender or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that the Authority shall not be obligated to pay the Lender for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Lender’s gross negligence or willful misconduct. The Lender agrees to give notice to the Authority of the assertion of any claim against the Lender relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Lender’s failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section 9.1. Payments by the Authority pursuant to this subsection (b) shall be made within thirty (30) days from the date the Lender

makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Lender agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this Section 9.1(b) received by the Lender for Indemnified Taxes or Other Taxes that were paid by the Authority pursuant to this Section 9.1(b).

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by the Authority, the Authority shall furnish to the Lender the original or a certified copy of a receipt evidencing payment thereof.

(d) The obligations of the Authority under this Section 9.1 shall survive the termination of this Agreement.

(e) (i) On or prior to the Closing Date, the Lender shall deliver to the Authority a copy of its IRS Form W-9.

(ii) Any assignee of the Lender and any participant shall deliver to the Authority a copy of its IRS Form W-9 and such properly completed and executed documentation (for example, IRS Form W-8BEN or IRS Form W-8ECI, as applicable) reasonably requested by the Authority as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any such assignee or any participant, if reasonably requested by the Authority, shall use its best efforts to deliver such other documentation prescribed by applicable law or reasonably requested by the Authority as will enable the Authority to determine whether or not such assignee or participant is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than IRS Form W-8BEN or IRS Form W-8ECI) shall not be required if in such assignee's or participant's reasonable judgment such completion, execution or submission would subject such assignee or participant to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such assignee or such participant.

Section 9.2 [Reserved].

Section 9.3 Lending Branch. The Lender may, at its option, elect to make, fund or maintain the Term Loan hereunder at such of its branches or offices as the Lender may from time to time elect.

Section 9.4 Discretion of Lender as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, the Lender shall be entitled to fund and maintain its funding of all or any part of the Term Loan in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder (including, without limitation, determinations under Sections 2.9 hereof) shall be made as if the Lender had actually funded and maintained the Term Loan during the tenor thereof through the purchase of deposits in the relevant market in the amount of the Term Loan, having a maturity corresponding to such tenor, and bearing an interest rate equal to the Fixed Rate.

SECTION 10. MISCELLANEOUS.

Section 10.1 No Waiver of Rights. No delay or failure on the part of the Lender or on the part of the holder or holders of the Bonds in the exercise of any power or right under any Related Document shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power or right, and the rights and remedies hereunder of the Lender and the holder or holders of the Bonds are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 10.2 Non-Business Day. If any payment of principal or interest on the Term Loan or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, the Term Loan or other Obligation bears for the period prior to maturity shall continue to accrue on such Obligation from the stated due date thereof to and including the next succeeding Business Day, on which the same shall be payable.

Section 10.3 Documentary Taxes. The Authority agrees that it will pay any documentary, stamp or similar taxes payable in respect to any Related Document, including interest and penalties, in the event any such taxes are assessed, irrespective of when such assessment is made and whether or not any credit hereunder is then in use or available hereunder.

Section 10.4 Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Related Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit hereunder is in use or available hereunder.

Section 10.5 Survival of Reimbursements. All reimbursements and all other provisions relative to reimbursement to the Lender of amounts sufficient to protect the yield of the Lender with respect to the Term Loan, including, but not limited to, Section 2.9, Section 9.1, Section 10.1 and 10.12 hereof, shall survive the termination of this Agreement and the other Related Documents and the payment of the Term Loan and all other Obligations.

Section 10.6 Notices. Except as otherwise provided herein, any notice required or permitted to be given under this Agreement shall be in writing (which includes communications by telex, telecopier or electronic mail if confirmed by the appropriate answer back and followed by hard copy delivered by United States mail in the manner described herein) addressed

To the Lender as follows:

DNT Asset Trust
c/o JPMorgan Chase Bank, National Association
383 Madison Avenue, 3rd Floor
New York, New York 10179
Mail Code: NY1-M165
Attention: David Weinstein, Executive Director, Public Finance - Credit Origination
Telephone: (212) 270-4948
Facsimile: (917) 463-0196

With a copy to:

JPMorgan Chase Bank, N.A.
JPM-Delaware Loan Operations
500 Stanton Christiana Road, NCC5, Floor 01
Newark, Delaware 19713
Attention: Marcus Smith
Telephone: (302) 634-9627
Facsimile: (302) 634-4733
Email: PFG_Servicing@jpmorgan.com

With a copy to:

Email: 12012443628@tls.ldsprod.com

And with respect to compliance matters, with a copy to:

E-mail: public.finance.notices@jpmchase.com

To the Authority as follows:

District of Columbia Water and Sewer Authority
5000 Overlook Avenue, S.W.
Washington, D.C. 20032
Attention: Chief Financial Officer
Telephone: (202) 787-2000
Facsimile: (202)787-2333

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such facsimile is transmitted to the telecopier number specified in this Section 10.6 or on the signature pages hereof and a confirmation of receipt of such facsimile has been received by the sender, (ii) if given by courier, when delivered, (iii) if given by mail, three business days after such communication is deposited in the mail, registered with return receipt requested, addressed as aforesaid, (iv) if given by electronic mail, when sent by electronic mail to the party at its E-mail address specified above, or (v) if given by any other means, when delivered at the addresses specified in this Section 10.6; *provided* that any notice given pursuant to Section 2 hereof shall be effective only upon receipt.

Except as otherwise specifically provided herein, the Lender and the Authority may each change the address for service of any notice under this Agreement by a notice in writing to the others.

Section 10.7 Counterparts. This Agreement may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument.

Section 10.8 Successors and Assigns. (a) The terms and provisions of the Related Documents shall be binding upon and inure to the benefit of the Authority and the Lender and their respective successors and assigns permitted hereby, except that (i) the Authority shall not have the right to assign its rights or obligations under the Related Documents without the prior written consent of the Lender, (ii) any assignment by the Lender must be made in compliance with Section 10.8(b) hereof, and (iii) any transfer by participation must be made in compliance with Section 10.9 hereof. The parties to this Agreement acknowledge that clause (ii) of this Section 10.8(a) relates only to absolute assignments and this Section 10.8 does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by the Lender of all or any portion of its rights under this Agreement and any Bond to a Federal Reserve Bank or other central banking authority; *provided, however*, that no such pledge or assignment creating a security interest shall release the Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 10.8(b) hereof. The Authority and the Lender may treat the Person that made the Term Loan or that holds any Bond as the owner thereof for all purposes hereof unless and until another Person satisfies the provisions of Section 10.8(b) hereof; *provided, however*, that the Authority may in its discretion (but shall not be required to) follow instructions from the Person which made the Term Loan or which holds any Bond to direct payments relating to the Term Loan or Bond to another Person. Any assignee of the rights to the Term Loan or any Bond agrees by acceptance of such assignment to be bound by all the terms and provisions of the Related Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to the Term Loan (whether or not a Bond has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to the Term Loan.

(b) *Assignments by Lender.* The Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including the Term Loan at any time owing to it) and the Bonds; *provided* that, if no Event of Default has occurred and is continuing, the Lender may not assign any of its rights or obligations under this Agreement or any Bond without the prior written consent of the Authority (such consent not to be unreasonably withheld); *provided, further*, that any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts.* The principal outstanding balance of the Term Loan and the related Bond subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is entered into shall not be less than \$10,000,000 unless, so long as no Event of Default has occurred and is continuing, the Authority otherwise consents;

(ii) *Proportionate Amounts.* Each partial assignment shall be made as an assignment of a proportionate part of all the Lender's rights under this Agreement with respect to the Term Loan and the respective Bond assigned by the Lender;

(iii) *Required Consents.* Notwithstanding the foregoing, no consent of the Authority shall be required for any sale, transfer or assignment of the rights (other than Commitments) of the Lender hereunder or under any Bond to (A) one or more transferees that is an Affiliate of the Lender or (B) a trust or other custodial or special purpose

arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Lender Transferee*”). If no Event of Default has occurred and is continuing, with the prior written consent of the Authority (such consent not to be unreasonably withheld), the Lender may assign any of its rights hereunder or under any Bond to one or more transferees which are not Lender Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (each a “*Non-Lender Transferee*”); *provided, however*, that with respect to sales, transfers or assignments to a Non-Lender Transferee, each such Non-Lender Transferee must deliver to the Authority and the selling Bond holder, a letter from Non-Lender Transferee certifying that such Non-Lender Transferee is a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act, and that such Non-Lender Transferee will not sell or otherwise transfer the Bond or its interest in this Agreement except to a transferee in compliance with the terms and conditions of this Agreement. Upon the occurrence and continuation of any Event of Default hereunder, no consent of the Authority shall be required for any assignment, sale or transfer to any Non-Lender Transferee of any of the Lender’s rights or obligations under this Agreement or with respect to any Bond. The Lender agrees to provide the Authority with prompt notice of any assignment, sale or transfer to (A) any Lender Transferee and (B) any Non-Lender Transferee following an Event of Default. For purposes of clarity, under no circumstances shall any assignment, sale or transfer be made to any Person other than a Lender Transferee or a Non-Lender Transferee without the prior written consent of the Authority.

(iv) *Assignment and Assumption.* The parties to each assignment shall execute and deliver an Assignment and Assumption.

(v) *No Assignment to Natural Persons.* No such assignment shall be made to a natural person.

(vi) *Rights of Assignees.* Any assignee hereunder shall have the benefits of Section 2.9, Section 9.1, Section 10.1 and Section 10.12 as if it were the Lender hereunder.

Section 10.9 Participants. The Lender shall have the right at its own cost to grant participations (to be evidenced by one or more agreements or certificates of participation) in the Term Loan made and/or Commitment held by the Lender at any time and from time to time; *provided* that (i) no such participation shall relieve the Lender of any of its obligations under this Agreement, (ii) no such participant shall have any rights under this Agreement except as provided in this Section 10.9, (iii) the Authority shall be required to deal only with the Lender with respect to any matters under this Agreement and the Bonds and (iv) the Authority shall have no obligation or responsibility to such participant. Any party to which such a participation has been granted shall have the benefits of Section 2.9, Section 9.1, Section 10.1 and Section 10.12 as if it were the Lender hereunder, but shall not be entitled to receive any greater payment under either such Section than the Lender would have been entitled to receive in connection with the

rights transferred. Any agreement pursuant to which the Lender may grant such a participating interest shall provide that the Lender shall retain the sole right and responsibility to enforce the obligations of the Authority hereunder, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such participation agreement may provide that the Lender will not agree to any modification, amendment or waiver of this Agreement that would (A) increase the Commitment of the Lender if such increase would also increase the participant's obligations, (B) forgive any amount of or postpone the date for payment of any Obligation hereunder in which such participant has an interest or (C) reduce the stated rate at which interest or fees in which such participant has an interest accruing hereunder.

Section 10.10 Amendments. Any provision of the Related Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Authority and the Lender.

Section 10.11 Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 10.12 Costs and Expenses; Indemnification, Consequential Damages.

(a) *Costs and Expenses.* The Authority shall (i) reimburse the Lender on the Draw Date, except as noted below, for all reasonable out-of-pocket expenses incurred by the Lender in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Related Documents, or any amendments, modifications or waivers of the provisions hereof or thereof, whether or not the transactions contemplated hereby or thereby shall be consummated (*provided* that the reasonable fees, charges and disbursements of counsel for the Lender in connection with the initial preparation, negotiation, execution and delivery of this Agreement and the other Related Documents shall not exceed \$ _____ and shall be paid by the Authority on the Closing Date, and (ii) pay all out-of-pocket expenses incurred by the Lender (including the reasonable fees, charges and disbursements of any counsel for the Lender), and shall pay all reasonable fees and time charges for attorneys who may be employees of the Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, or (B) in connection with the Term Loan made hereunder or the Bonds, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Term Loan or the Bonds (including all such costs and expenses incurred in connection with any proceeding under the United States Bankruptcy Code involving the Authority as a debtor thereunder). All amounts due to the Lender pursuant to this Section shall be due after written notice, setting forth in reasonable detail the basis thereof, is provided to the Authority thereof.

(b) *Indemnification by the Authority.* (i) The Authority hereby, to the extent permitted by law, indemnifies and holds harmless the Lender and its officers, directors, employees and agents (each an "Indemnitee") from and against, and will on demand reimburse the Lender for, any and all claims, damages, losses, liabilities (whether asserted by cross-claim, claim for contribution, in tort, in contract, or otherwise), costs, or expenses whatsoever (including reasonable attorneys' fees) that the Lender may incur (or that may be claimed against the Lender by any Person whatsoever, but not including the Authority):

(A) by reason of or in connection with the making of, or the failure to make the Term Loan (including, without limitation, any losses arising from the failure of any party to any of the Related Documents to perform its obligations hereunder or thereunder), *provided* that the Authority shall not be required to indemnify the Lender for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (A) the willful misconduct or gross negligence of the Lender or (B) the willful or grossly negligent failure of the Lender to make the Term Loan required to be made by the Lender hereunder after strict compliance with the conditions precedent to the Term Loan, unless the making of the Term Loan was not otherwise permitted by law; or

(B) by reason of or in connection with the execution, delivery, or performance of this Agreement or any other Related Document, or any transaction contemplated by this Agreement or any other Related Document.

In furtherance and not in limitation of the foregoing, the Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary unless the Authority has notified the Lender in writing in advance that specifically identified documents to be presented to the Lender do not comply with this Agreement. Nothing in this Section 10.12(b) shall limit the Authority's obligations contained in Section 2 hereof.

(ii) Promptly following receipt by the Lender under Section 10.12(b)(i) of notice of the commencement of any action, the Lender, if a claim is made against the Authority under Section 10.12(b)(i), shall notify the Authority in writing of the commencement of such action, but the omission to do so by the Lender shall not relieve the Authority from any liability which it may have to the Lender under such clause (i).

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law, the Authority shall not assert, and hereby waives, any claim against any Indemnitee, 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 other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Term Loan, or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby.

(d) *Payments.* All amounts due under this Section shall be payable promptly after demand therefor.

(e) *Survival.* Each party's obligations under this Section shall survive the termination of the Related Documents and payment of the obligations hereunder.

Section 10.13 Entire Agreement. The Related Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior or contemporaneous agreements, whether written or oral, with respect thereto are superseded thereby.

Section 10.14 Construction. The parties hereto acknowledge and agree that neither this Agreement nor the other Related Documents shall be construed more favorably in favor of one than the other party based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of this Agreement and the other Related Documents.

Section 10.15 Choice of Law. This Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York; *provided* that the due authorization, execution and delivery of this Agreement by the Authority, and the duties and obligations of the Authority under this Agreement shall be governed by and construed in accordance with the internal laws of the District of Columbia, without giving effect to conflict of law principles.

Section 10.16 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, THE AUTHORITY AND THE LENDER EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER RELATED DOCUMENT OR ANY OTHER DOCUMENT DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER OF THE PARTIES RELATED TO OR ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THE RELATED DOCUMENTS AGAINST ANY OTHER PARTY, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE AUTHORITY AND THE LENDER EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY OTHER DOCUMENT DELIVERED IN CONNECTION HERewith OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND ANY OTHER RELATED DOCUMENT AND ANY OTHER DOCUMENTS DELIVERED IN CONNECTION HERewith.

Section 10.17 USA PATRIOT Act Notice. The Lender is subject to the Act (as hereinafter defined) and hereby notifies the Authority that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Act*"), the Lender is required to obtain, verify, and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Lender to identify the Authority in accordance with the Act.

Section 10.18 Right of Setoff. (a) Upon the occurrence and during the continuance of an Event of Default, the Lender is hereby authorized at any time and from time to time without prior notice to the Authority (any such notice being expressly waived by the Authority), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Lender to or for the account of the Authority (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Lender is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations, whether or not the Lender shall have made any demand for any amount owing to the Lender by the Authority.

(b) Notwithstanding the foregoing, upon the exercise of any set-off rights under this Section 10.18, the Lender shall promptly notify the Trustee of such exercise, and the Lender shall hold any moneys collected in such set-off in trust for the benefit of the Trustee, such amounts to be applied in accordance with the liens created on Net Revenues of the Authority in accordance with the Indenture.

Section 10.19 Disclaimer. The Authority understands and agrees that neither the Lender nor any of its affiliates has acted or is acting as its financial advisor, municipal advisor, or in any other advisory, agency or fiduciary capacity with respect to the transaction described herein (whether or not the Lender or any of its affiliates has provided or is currently providing other services to the Authority on related or other matters. In addition, the Authority acknowledges that it has determined, without reliance upon the Lender or any of its affiliates, the financial and economic risks and merits, as well as the legal, tax and accounting characterizations and consequences, of the transaction described herein and it is capable of assuming such risks.

[Signature Page Immediately Follows]

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

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

By: _____
Its:

DNT ASSET TRUST

By: _____
Its: Authorized Officer

[Signature page to Term Loan Agreement]

EXHIBIT A

FORM OF NOTICE OF BORROWING

[Date]

DNT Asset Trust
c/o JPMorgan Chase Bank, National Association
383 Madison Avenue, 3rd Floor
New York, New York 10179
Mail Code: NY1-M165
Attention: David Weinstein, Executive Director, Public Finance - Credit Origination
Telephone: (212) 270-4948
Facsimile: (917) 463-0196

With a copy to:

JPMorgan Chase Bank, N.A.
JPM-Delaware Loan Operations
500 Stanton Christiana Road, NCC5, Floor 01
Newark, Delaware 19713
Attention: Marcus Smith
Telephone: (302) 634-9627
Facsimile: (302) 634-4733
Email: PFG_Servicing@jpmorgan.com

With a copy to:

Email: 12012443628@tls.ldsprod.com

Reference is made to that certain Term Loan Agreement dated as of April __, 2020 (the “*Agreement*”) between the District of Columbia Water and Sewer Authority (the “*Authority*”) and DNT Asset Trust. Capitalized terms used herein and not defined herein have the same meanings as in the Agreement.

Pursuant to Section 2.4 of the Agreement, the undersigned hereby provides notice of the Authority’s intent to borrow the Term Loan on the Business Day (which is the Draw Date under the Agreement) specified below in the following amount and of the following type:

The undersigned hereby requests the Lender to extend the Term Loan:

1. On _____, ____ (a Business Day and the Draw Date¹).
2. In the amount of \$_____ for the Term Loan (which amount equals and does not exceed the Commitment) the proceeds of which shall be utilized to refund the Refunded

¹ Which shall be the first Business Day immediately following July 3, 2022.

Bonds and pay costs related to the negotiation and execution of the Agreement and the issuance of the Bonds.

3. The proceeds of the Term Loan shall be delivered to

[Insert Wire Transfer Instructions].

The Term Loan requested herein shall comply with timing requirements of Section 2.4 of the Agreement.

DISTRICT OF COLUMBIA WATER AND
SEWER AUTHORITY

By: _____

Name: _____

Title: _____

EXHIBIT B
FORM OF BOND

Exhibit B

EXHIBIT C**MANDATORY AMORTIZATION SCHEDULE**

Mandatory Amortization Date	Mandatory Amortization Amount	Interest Rates
10/1/2023	\$ 5,570,000	
10/1/2024	30,845,000	
10/1/2025	19,835,000	
10/1/2026	20,725,000	
10/1/2027	18,880,000	
10/1/2028	19,825,000	
10/1/2029	25,140,000	
10/1/2030	26,395,000	
10/1/2031	27,710,000	
10/1/2032	29,095,000	
10/1/2033	30,545,000	
10/1/2034	11,110,000	
10/1/2035	11,665,000	
10/1/2036	13,250,000	
Total:	\$290,590,000	

Exhibit C

EXHIBIT D

CALL PREMIUM SCHEDULE

Mandatory Amortization Date	Call Premium
10/1/2023	Not applicable
10/1/2024	Not applicable
10/1/2025	Not applicable
10/1/2026	Not applicable
10/1/2027	Not applicable
10/1/2028	Not applicable
10/1/2029	Not applicable
10/1/2030	Not applicable
10/1/2031	Not applicable
10/1/2032	Not applicable
10/1/2033	[XX]%
10/1/2034	[XX]%
10/1/2035	[XX]%
10/1/2036	[XX]%

Exhibit D

ESCROW AGREEMENT

Among

DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY

WELLS FARGO BANK, National Association.
as Trustee

and

WELLS FARGO BANK, National Association
as Escrow Agent

with respect to

\$ _____
Public Utility Subordinate Lien Revenue Refunding Bonds
Series 2022A

Dated: April ____, 2020

ESCROW AGREEMENT

This ESCROW AGREEMENT is made and entered into as of April ____, 2020 between the District of Columbia Water and Sewer Authority (the “Authority”) and Wells Fargo Bank, National Association, a national banking association, having a corporate trust office in Philadelphia, Pennsylvania, as the trustee (in such capacity, the “Trustee”), and as the escrow agent (in such capacity, the “Escrow Agent”).

WITNESSETH:

WHEREAS, the Authority has heretofore duly issued, pursuant to a Master Indenture of Trust, dated as of April 1, 1998 (the “Master Indenture”), as supplemented and amended through the Thirteenth Supplemental Indenture of Trust, dated March 22, 2012, its Public Utility Subordinate Lien Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2012C (the “Series 2012C Bonds”) and, together with the Series 2012A Bonds, the “Series 2012 Bonds”), of which \$305,880,000 is currently outstanding; and

WHEREAS, the Authority has decided to issue its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A (the “Series 2022A Bonds”), in an aggregate principal amount of \$ _____, pursuant to the Master Indenture, as previously amended and supplemented and as further supplemented by the Twenty-Seventh Supplemental Indenture of Trust, dated April ____, 2020, by and between the Authority and the Trustee (the “Twenty-Seventh Supplemental Indenture” and, together with the Master Indenture, as previously amended and supplemented, the “Indenture”); and

WHEREAS, a portion of the proceeds of the Series 2022A Bonds, together with other funds of the Authority, will be used to purchase, on behalf of and for the account of the Authority, escrow securities in the par amount, at the yield and with the maturity set forth in **Appendix C** attached hereto (the “Escrow Securities”) which, along with cash, shall be deposited in the Series 2022A Escrow Account established pursuant to the Twenty-Seventh Supplemental Indenture; and

WHEREAS, the cash and the Escrow Securities deposited into the Series 2022A Escrow Account, together with investment income thereon, will provide sufficient funds to (i) redeem the Series 2012 Bonds identified in **Appendix A** (the “Refunded Bonds”) on October 1, 2022 as specified in **Appendix B** (collectively, the payments set forth in **Appendix B** are referred to as the “Refunded Bond Payments”); and

WHEREAS, the Authority is entering into this Escrow Agreement with the Escrow Agent simultaneously with the delivery of the Series 2022A Bonds in order to insure that the required procedures will be followed to make the Refunded Bond Payments; and

WHEREAS, the Authority has taken action to cause to be delivered to the Escrow Agent for deposit in or credit to the Series 2022A Escrow Account immediately available funds from the

proceeds of the Series 2022A Bonds and other funds of the Authority, which will be used to purchase the Escrow Securities and which, together with the investment earnings thereon and certain uninvested cash, will be sufficient to make the Refunded Bond Payments, and to have the mathematical accuracy of the computations relating to the sufficiency of such Series 2022A Escrow Account moneys to be verified by _____ (the “Verification Agent”).

NOW, THEREFORE, the Authority, the Trustee and the Escrow Agent hereby agree as follows:

Section 1. Funding and Maintenance of the Series 2022A Escrow Account.

(a) The Authority hereby directs the Trustee to transfer to the Escrow Agent \$_____ of the proceeds of the Series 2022A Bonds and \$_____ from the Series 2012A Subordinate Bonds Interest Subaccount and the Series 2012C Subordinate Bonds Interest Subaccount in the Subordinate Interest Account, for deposit into the Series 2022A Escrow Account.

(b) The Escrow Agent hereby acknowledges the receipt and deposit in the Series 2022A Escrow Account of an amount equal to \$_____ in immediately available funds.

(c) Until all principal of, premium, if any, and interest on the Refunded Bonds have been paid in full, the Escrow Agent shall maintain the Series 2022A Escrow Account as a special segregated and irrevocable escrow account. The Series 2022A Escrow Account shall be for the benefit of the holders of the Refunded Bonds. All securities, investments and moneys held therein shall be wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent, if any. All securities, investments and moneys held in the Series 2022A Escrow Account shall be irrevocably pledged to secure the payment of the principal of, premium, if any, and interest on the Refunded Bonds.

Section 2. Investment of the Series 2022A Escrow Account.

(a) The Escrow Agent represents and acknowledges that, concurrently with the deposit of the amounts into the Series 2022A Escrow Account as described in Section 1 hereof, it shall apply \$_____ of such funds to purchase, on behalf of and for the account of the Authority, the Escrow Securities as shown on **Appendix C**. The remaining deposit of \$_____ shall be held in cash. The Escrow Securities shall be non-callable prior to the date upon which such securities shall be needed to pay the Refunded Bond Payment. The Escrow Securities may be sold, transferred, disposed of or redeemed only at the direction of the Authority, as set forth in subsection (d) hereof, and shall mature on or before the time the proceeds thereof will be required for the payment of the Refunded Bond Payment.

(b) Any amounts received from the Escrow Securities or held in cash referenced in clause (a) above that are not needed at the time of receipt to make the aforesaid payments on

the Refunded Bonds shall remain in trust for the benefit of the holders of the Refunded Bonds, uninvested, until applied as aforesaid; provided, that such amounts shall be applied to the purchase of Substitute Obligations (as defined in Section 2(d)(ii) hereof), and the interest thereon shall be applied in such manner, as may be specified in writing by the Authority, but only if the Escrow Agent receives (i) the certificate of an independent public accountant described in Section 2(d)(ii)(A) hereof with respect to such purchase of Substitute Obligations and such application of the interest thereon, and (ii) an approving opinion of Bond Counsel to the effect that such use of funds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds.

(c) The Series 2022A Escrow Account shall be maintained to and including the date upon which the Escrow Agent makes the final payment of the principal of, premium, if any, and interest on the Refunded Bonds, whereupon the Escrow Agent shall, upon the written direction of the Authority, sell or redeem any Escrow Securities remaining in the Series 2022A Escrow Account and shall deliver to the Authority any money received from such sales and any money then remaining in the Series 2022A Escrow Account.

Based on the report, dated _____, prepared by the Verification Agent (the “Verification Report”), a copy of which is attached as **Appendix D** hereto, which verifies the mathematical accuracy of the computations prepared by PFM Financial Advisors LLC and confirms the calculations of PFM Financial Advisors LLC that the Escrow Securities, together with the investment earnings thereon and certain uninvested cash on deposit in the Series 2022A Escrow Account will be sufficient to make the Refunded Bond Payments as specified in **Appendix B**, the Authority represents that the Escrow Securities and certain uninvested cash on deposit in the Series 2022A Escrow Account, together with interest thereon, will be sufficient to (i) redeem the Refunded Bonds on October 1, 2022. The Escrow Agent shall not be liable or responsible (y) for the accuracy of the Verification Report or (z) the accuracy of the calculations of PFM Financial Advisors LLC with respect to required deposits into the Series 2022A Escrow Account.

(d) (i) Except as otherwise provided in this Section 2, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, redeem, transfer or otherwise dispose of or make substitutions of the Escrow Securities. Subject to the provisions of subsection (b), any funds held in the Series 2022A Escrow Account that are not invested shall be held in cash.

(ii) At the request of the Authority and upon compliance with the conditions contained herein, the Escrow Agent shall sell, transfer or otherwise dispose of or request the redemption of all or a portion of the Escrow Securities, and shall substitute for such Escrow Securities, direct non-callable obligations of the United States of America (the “Substitute Obligations”), whereupon, references in this Escrow Agreement to Escrow Securities shall include any such Substitute Obligations. The Authority hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in this Section in any manner which would adversely affect the exclusion from gross

income for Federal income tax purposes of interest on the Refunded Bonds. The Escrow Agent shall purchase such Substitute Obligations with the proceeds derived from the sale, transfer, disposition or redemption of such Escrow Securities. The transaction may be effected only if the Authority delivers to the Escrow Agent:

(A) a report of nationally recognized independent certified public accountants which verifies the mathematical accuracy of the computations which reflect the principal amount of such Substitute Obligations, together with the interest income to be received thereon, will be sufficient to make timely payments on the Refunded Bonds;

(B) a certificate of the Authority that, based on such verification report prepared by independent certified public accountants, the amount deposited in the Series 2022A Escrow Account will be sufficient to pay the Refunded Bond Payments as specified in **Appendix B**;

(C) a certificate of the Trustee acknowledging the deposit of moneys and the receipt of the verification report described in (A) above as to the sufficiency of the Substitute Obligations to make the Refunded Bond Payments; and

(D) an opinion of Bond Counsel to the effect that the sale, transfer, disposition or redemption of the Escrow Securities and purchase of such Substitute Obligations (i) will not affect the exclusion from gross income for Federal income tax purposes of interest on the Refunded Bonds, and (ii) is permitted hereunder.

The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this subsection unless such loss is due to the gross negligence or willful misconduct of the Escrow Agent.

(e) The Escrow Agent shall have no liability for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, except from the Escrow Securities and moneys on deposit in the Series 2022A Escrow Account.

Section 3. Payment and Redemption of the Refunded Bonds. The Authority hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in the Series 2022A Escrow Account the principal of and interest on the Escrow Securities held for the account of the Series 2022A Escrow Account as promptly as such principal and interest becomes due, and to apply such principal and interest, together with any other moneys and the principal of and interest on any other securities deposited in the Series 2022A Escrow Account to pay the Refunded Bond Payments specified in **Appendix B**.

Section 4. Defeasance and Redemption Notices.

(a) The Authority hereby requests and irrevocably instructs the Trustee and the Trustee hereby agrees to promptly provide notice by first class mail to the Municipal Securities Rulemaking Board (“MSRB”), Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), Moody’s Investor Service, Inc. (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”) of the refunding of the Refunded Bonds and the deposit of the Escrow Securities and any money in escrow for that purpose. A form of the defeasance notice for each of the Refunded Bonds is attached as **Appendix E** hereto.

(b) The Authority hereby requests and irrevocably instructs the Trustee and the Trustee hereby agrees to provide notice of redemption of the Refunded Bonds not less than thirty (30) days nor more than sixty (60) days prior to October 1, 2022, in the form of the notice attached hereto as **Appendix F**, by registered or certified mail or overnight express delivery, to (a) the registered owner of each the Refunded Bonds at the address as it appears on the registration books kept by the Trustee and (b) MSRB.

(c) To the extent permitted by the bond documents pertaining to the Refunded Bonds, any of the notices provided in this Section 4 may be provided by means of facsimile transmission, email transmission or other similar electronic means of communications providing evidence of transmission.

Section 5. Possible Deficiencies.

(a) If at any time the Escrow Agent has actual knowledge that the moneys in the Series 2022A Escrow Account, including the anticipated proceeds of the Escrow Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall notify the Authority in writing as soon as is reasonably practicable of the amount of such deficiency and the reason therefor, if the reason is known to the Escrow Agent.

(b) The Escrow Agent shall in no manner be responsible for any such deficiency.

Section 6. Duties of Escrow Agent. So long as the Refunded Bonds are outstanding, the Escrow Agent shall forward a monthly statement to the Authority describing the Escrow Securities held, including the income earned thereon and the maturities thereof, and any withdrawals of moneys from the Series 2022A Escrow Account since the last statement furnished pursuant to this Section.

Section 7. Fees and Costs.

(a) The Escrow Agent shall be compensated, based on itemized invoices submitted to the Authority, for its reasonable fees, expenses and disbursements incurred with respect to service rendered hereunder.

(b) The Escrow Agent also shall be entitled to additional fees and reimbursements for costs incurred, including, but not limited to, legal and accountants' services, in connection with any litigation which may at any time be instituted involving this Escrow Agreement.

(c) The right to receive compensation notwithstanding, the Escrow Agent acknowledges that it, as Escrow Agent, has no claim for any such payment under the Indenture and that it has no lien on the moneys on deposit in the Series 2022A Escrow Account for such payment.

(d) In the event of the resignation of the Escrow Agent prior to the expiration of this Escrow Agreement, the Escrow Agent shall rebate to the Authority a ratable portion of any fee theretofore paid by the Authority to the Escrow Agent for its services under this Escrow Agreement.

(e) The provisions of this Section 7 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

Section 8. Resignation of Escrow Agent. The Escrow Agent may resign and be discharged of its duties hereunder provided that: (i) the Authority has received written notice at least thirty (30) days prior to such resignation; (ii) the Authority has appointed a successor to the resigning party; (iii) the Authority has received an instrument of acceptance in form and substance acceptable to it, executed by the successor; and (iv) the resigning party has duly delivered to its successor hereunder all of the escrow documents including the Indenture and this Escrow Agreement, the Escrow Securities, and moneys and investments held by the resigning party. Such resignation shall take effect only upon the occurrence of all of the events listed in clauses (i) through (iv) above. Upon receipt by the Authority of the written notice described in clause (i) above, the Authority shall use its best efforts to obtain a successor to such resigning party as soon as possible. Notwithstanding the foregoing, if the Authority fails to appoint a successor within thirty (30) days, the Escrow Agent reserves the right to petition a court of competent jurisdiction to appoint a successor.

Section 9. Termination of Escrow Agreement. This Escrow Agreement shall terminate when the principal of, premium, if any, and interest on the Refunded Bonds have been paid in full; provided, that moneys held by the Escrow Agent for the payment and discharge of any of the Refunded Bonds which remain unclaimed five (5) years after the date when all of such Refunded Bonds shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, shall at the written request of the Authority, be repaid by the Escrow Agent to the Authority, as its absolute property, free from the lien created by the Indenture. The Escrow Agent shall thereupon be released and discharged with respect thereto and hereto and the holders of such Refunded Bonds shall look only to the Authority for the payment of such Refunded Bonds.

Section 10. Benefit of Agreement; Amendments.

(a) This Agreement is made for the benefit of the Authority and the holders from time to time of the Refunded Bonds except as otherwise expressly provided herein.

(b) This Agreement shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without the written consent of the Escrow Agent and the holders of the unpaid Refunded Bonds; provided, however, that upon prior written notice to Moody's, Fitch and S&P and (1) receipt by each such agency of draft copies of any such proposed amendment, and (2) receipt from each such agency of the notice that such amendment shall not adversely affect its rating on the Refunded Bonds, the Authority and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such amendment to this Agreement that will not adversely affect the rights of such holders and that will not be inconsistent with the terms and provisions of this Agreement (the "Amendment"), for any one or more of the following purposes:

(i) to correct or cure any ambiguity or formal defect or omission in this Agreement;

(ii) to grant to, or confer upon, the Escrow Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent;

(iii) to subject to this Agreement additional funds, securities or property;

and

(iv) to sever any invalid provision from this Agreement.

(c) The Escrow Agent shall not undertake or execute any Amendment unless it has received:

(i) If the Amendment affects the aggregate amount or payment terms of the Escrow Securities, an opinion of an independent certified public accountant reasonably acceptable to the Authority that after such Amendment the interest on and maturing principal of the Escrow Securities, without further reinvestment, and any other funds then held pursuant to this Agreement will provide moneys in amounts and at times as necessary to pay all principal of and redemption premium and interest on the Refunded Bonds as the same are due or are called for redemption as set forth in Section 2; and

(ii) An opinion of Bond Counsel that the Amendment (A) will not affect the exclusion from gross income for Federal income tax purposes of interest on the Refunded Bonds, (B) is in compliance with the Internal Revenue Code of 1986, as amended, and (C) the Amendment complies with the requirements of this Section 10.

(d) The Authority shall provide Moody's, Fitch and S&P with written notice prior to such time as this Agreement shall be replaced, revoked, rescinded, altered, amended or supplemented at the following addresses:

Moody's Investors Service, Inc.
Public Finance Rating Desk/Refunded Bonds
7 World Trade Center
250 Greenwich Street, 23rd Floor
New York, NY 10007

Standard & Poor's, a division of The McGraw-Hill Companies, Inc.
25 Broadway, 21st Floor
New York, New York 10004

Fitch Ratings
300 West 57th Street
New York, New York 10004

Section 11. Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Authority, at:

District of Columbia Water and Sewer Authority
1385 Canal Street, S.E.
Washington, DC 20003
Attn: Chief Financial Officer and Executive Vice
President Finance and Procurement

If to the Escrow Agent, at:

Wells Fargo Bank, National Association
Corporate Trust Services
123 S. Broad Street
Suite 1500; MAC Y1379-157
Philadelphia, PA 10109

Any of such addresses may be changed at any time upon written notice of such change being sent by United States registered mail, postage prepaid, to the other parties by the party affecting the change. Any notices to the holders of the Refunded Bonds shall be made in a manner as prescribed in the Indenture.

Section 12. Time of Performance. Whenever, under the terms of this Escrow Agreement, the performance date of any act to be done hereunder shall fall on a day which is not a legal banking day or upon which the Escrow Agent is not open for business, the performance thereof on the next succeeding business day shall be deemed to be in full compliance with this Escrow Agreement. The Escrow Agent shall perform all obligations imposed upon it under this Escrow Agreement in a timely manner.

Section 13. Reliance by Escrow Agent; Force Majeure; No Special, Indirect or Consequential Damages.

(a) The Escrow Agent shall be entitled to rely and act upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties. The Escrow Agent may consult with Bond Counsel, or, in the discretion of the Escrow Agent, it may consult with its own counsel as to anything arising in connection with the duties herein undertaken, and it shall not be liable for any action taken or omitted by it in good faith in reasonable reliance upon such written instructions or upon the written opinions of such counsel; provided, however, that before relying upon the opinion of its own counsel it shall furnish to the Authority and to Bond Counsel a copy of such opinion.

(b) In no event shall the Escrow Agent be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond the Escrow Agent's control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances, regulations or the like which restrict or prohibit the providing of the services contemplated by this Agreement, inability to obtain material, equipment, or communications or computer facilities, or the failure of equipment or interruption of communications or computer facilities, and other causes beyond the Escrow Agent's control whether or not of the same class or kind as specifically named above.

(c) Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 14. Governing Law. To the fullest extent permitted by law, this Escrow Agreement shall be interpreted, construed and enforced pursuant to the laws of the District.

Section 15. Severability. If any provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Escrow Agreement. The Escrow Agent shall provide Moody's, Fitch and S&P with written notice, at the addresses set forth in Section 10, if any provision of this Escrow Agreement should be held to be invalid or unenforceable.

Section 16. Execution of Counterparts. This Escrow Agreement may be executed in any number of counterparts each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 17. Successors of the Escrow Agent. Any corporation or association into which the Escrow Agent may be converted or merged or with which it may be consolidated or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become the successor Escrow Agent hereunder, vested and subject to all duties and obligations imposed hereunder with all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, that the Escrow Agent shall promptly give notice of such conversion, sale, merger, consolidation or transfer to the Authority, and the Authority shall have 45 days to exercise an option to appoint a successor Escrow Agent by an instrument in writing delivered to the then current Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed each on its behalf as of the day and year first above written.

**DISTRICT OF COLUMBIA WATER
AND SEWER AUTHORITY**

By: _____
Name: _____
Title: _____

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

By: _____
Name: _____
Title: _____

**WELLS FARGO BANK, NATIONAL
ASSOCIATION., AS ESCROW AGENT**

By: _____
Name: _____
Title: _____

APPENDIX A

LISTING OF REFUNDED BONDS

Maturity (October 1)	Principal Amount	Interest Rate	CUSIP
	\$ _____	% _____	254845 _____

APPENDIX B

REFUNDED BOND PAYMENTS

Date	Interest	Redeemed Principal	Total
10/01/2022	\$ _____	\$ _____	\$ _____

APPENDIX D

VERIFICATION REPORT

APPENDIX E

FORM OF DEFEASANCE NOTICE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinated Lien Revenue Bonds
Series 2012A

APPENDIX F

FORM OF REDEMPTION NOTICE