



Monday, May 22, 2023
Board of Commissioners' Meeting

AGENDA

Renewable Water Resources

561 Mauldin Road

Greenville, SC 29607

Board Room

<https://us02web.zoom.us/j/87295842766>

4:00 P.M.

1. Call to Order

1.01 Call to Order

2. Welcome

2.01 Commissioners Present

2.02 Staff Present

2.03 Introduction of Visitors Present

3. Pledge of Allegiance/Prayer

3.01 Pledge of Allegiance/Prayer

4. Presentation

4.01 Presentation of the 2022 Merit Award for the ReWa Historic Sewage Works Building Renovation from Associated Builders and Contractors (ABC). Award presented by Chairman Fogleman to Bryan Kohart, Design Services Manager, and Kevin James, ReWa Contractor.

5. Safety Moment

5.01 Safety Moment by Sustainability Services Officer Davis - NO ACTION REQUIRED

6. Activity Update

6.01 Chief Executive Officer's Report - NO ACTION REQUIRED

7. Consent Agenda*

7.01 Minutes of the April 24, 2023 Board of Commissioners Administration & Finance Committee Meeting**

7.02 Minutes of the April 24, 2023 Board of Commissioners Operations & Planning Committee Meeting**

7.03 Minutes of the April 24, 2023 Board of Commissioners Meeting**

8. Administration & Finance - May 22, 2023

8.01 Investment Summary 04-30-23 - NO ACTION REQUIRED

8.02 Summary of Financial Condition 04-30-23 - NO ACTION REQUIRED

8.03 New Account Fee Classification Report - NO ACTION REQUIRED

8.04 Sustainability Services Scorecard - NO ACTION REQUIRED

8.05 2023A Series Resolution - Lower Reedy Odor Control (Memo, Resolution)**

8.06 2023B Series Resolution - FY19 Gravity Sewer and Manhole Rehabilitation (Memo, Resolution)**

8.07 2023C Series Resolution - Lower Reedy Digester (Memo, Resolution)**

8.08 2023D Series Resolution - FY22 Gravity Sewer and Manhole Rehabilitation (Memo, Resolution)**

9. Operations & Planning - May 22, 2023

9.01 Biosolids Cake Storage Construction Award (Memo, Map, Resolution)**

9.02 Gilder Creek Trunk Sewer Emergency Replacement Streambank Restoration Construction Contract Amendment No. 1 (Memo, Map, Resolution)**

9.03 Verbal Briefing on Upcoming Projects and Items of Interest - NO ACTION REQUIRED

9.04 Presentation: Water Resource Recovery Facility - Recurring Initiatives/Asset Management Program by Bryan Kohart

9.05 Presentation: South Carolina Infrastructure Investment Program - Funding Program Update by David Niesse

10. Unfinished Business

10.01 Unfinished Business

11. New Business

11.01 New Business

12. Other Business

12.01 Other Business

13. Executive Session

13.01 Receipt of Legal Advice Regarding the Potential Settlement of Legal Claims and Separately Proposed Contractual Agreements

14. Post Executive Session

14.01 Action on Items in Executive Session, if applicable

15. Adjournment

15.01 Adjourn the Meeting

16. Meeting Disclosures

16.01 *Consent Agenda: All matters listed under Consent Agenda are considered non-controversial Board action items and are approved as a set with one action. If discussion is desired on an item, it will be removed from the Consent Agenda and placed on the regular Board meeting agenda.

16.02 **Following Board review and approval, this item will be made available to the public upon request based on ReWa's Public Information Policy approved May 23, 2011.

DRAFT



Monday, May 22, 2023
Centennial Ad Hoc Committee Meeting

AGENDA

Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
1:15 P.M.

1. Call to Order

1.01 Meeting Called to Order

2. Centennial Planning

2.01 Centennial Planning

3. Next Steps

3.01 Next Steps

4. Adjournment

4.01 Adjourn the Meeting

5. Meeting Disclosures

5.01 *Following Board review and approval, this item will be made available to the public upon request based on ReWa's Public Information Policy approved May 23, 2011.

DRAFT



Monday, May 22, 2023
Operations and Planning Committee Meeting

AGENDA

Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
2:30 P.M.

1. Call to Order

1.01 Call to Order

2. Welcome

2.01 Commissioners: Committee Chair Danny Holliday, John T. Crawford Jr., Phyllis Anderson, Ray Overstreet, Tab Patton

2.02 Non-Committee Members and Staff Present

2.03 Recognition and Introduction of Visitors Present

3. Biosolids Cake Storage Construction Award

3.01 Biosolids Cake Storage Construction Award (Memo, Map, Resolution)**

4. Gilder Creek Trunk Sewer Emergency Replacement Streambank Restoration Construction Contract Amendment No. 1

4.01 Gilder Creek Trunk Sewer Emergency Replacement Streambank Restoration Construction Contract Amendment No. 1 (Memo, Map, Resolution)**

5. New Business

5.01 Verbal Briefing on Upcoming Projects and Items of Interest - NO ACTION REQUIRED

5.02 Presentation: Water Resource Recovery Facility - Recurring Initiatives/Asset Management Program by Bryan Kohart

5.03 Presentation: South Carolina Infrastructure Investment Program - Funding Program Update by David Niesse

6. Unfinished Business

6.01 Unfinished Business

7. Other Business

7.01 Other Business

8. Meeting Disclosures

8.01 **Following Board review and approval, this item will be made available to the public upon request based on ReWa's Public Information Policy approved May 23, 2011.

9. Adjournment

9.01 Adjourn the Meeting

DATE: May 22, 2023
TO: Board of Commissioners
FROM: Bryan Kohart
CC: Joel Jones, David Niese, Becca Bowyer
SUBJECT: Biosolids Cake Storage Construction Contract Award



**BOARD OF COMMISSIONERS'
MEMORANDUM**

The Biosolids Cake Storage project consists of repurposing the existing Mauldin Road WRRF grit pad for covered biosolids cake storage. The work includes selective concrete demolition, new concrete foundations, general electrical, lighting, and ventilation equipment inside a new fabric canopy building structure.

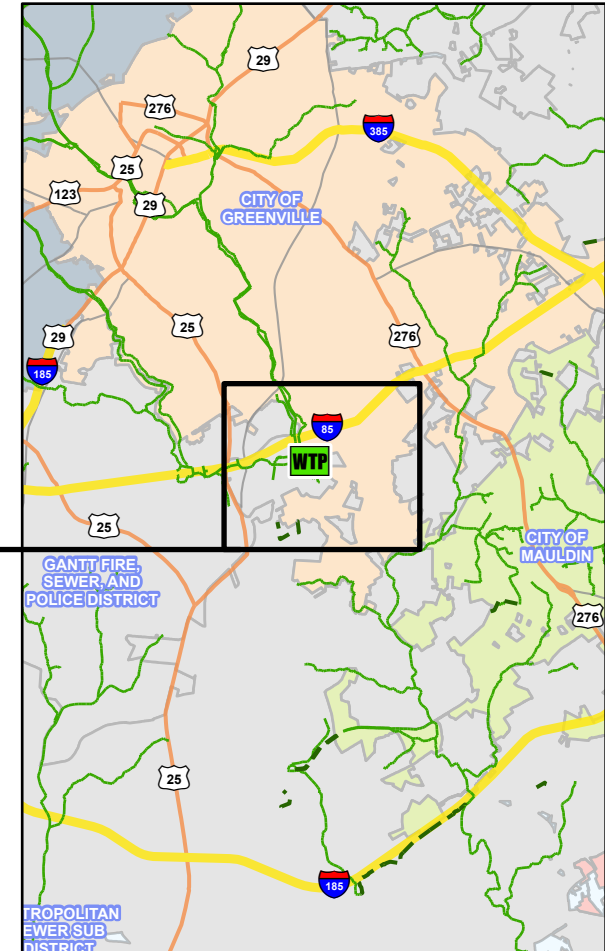
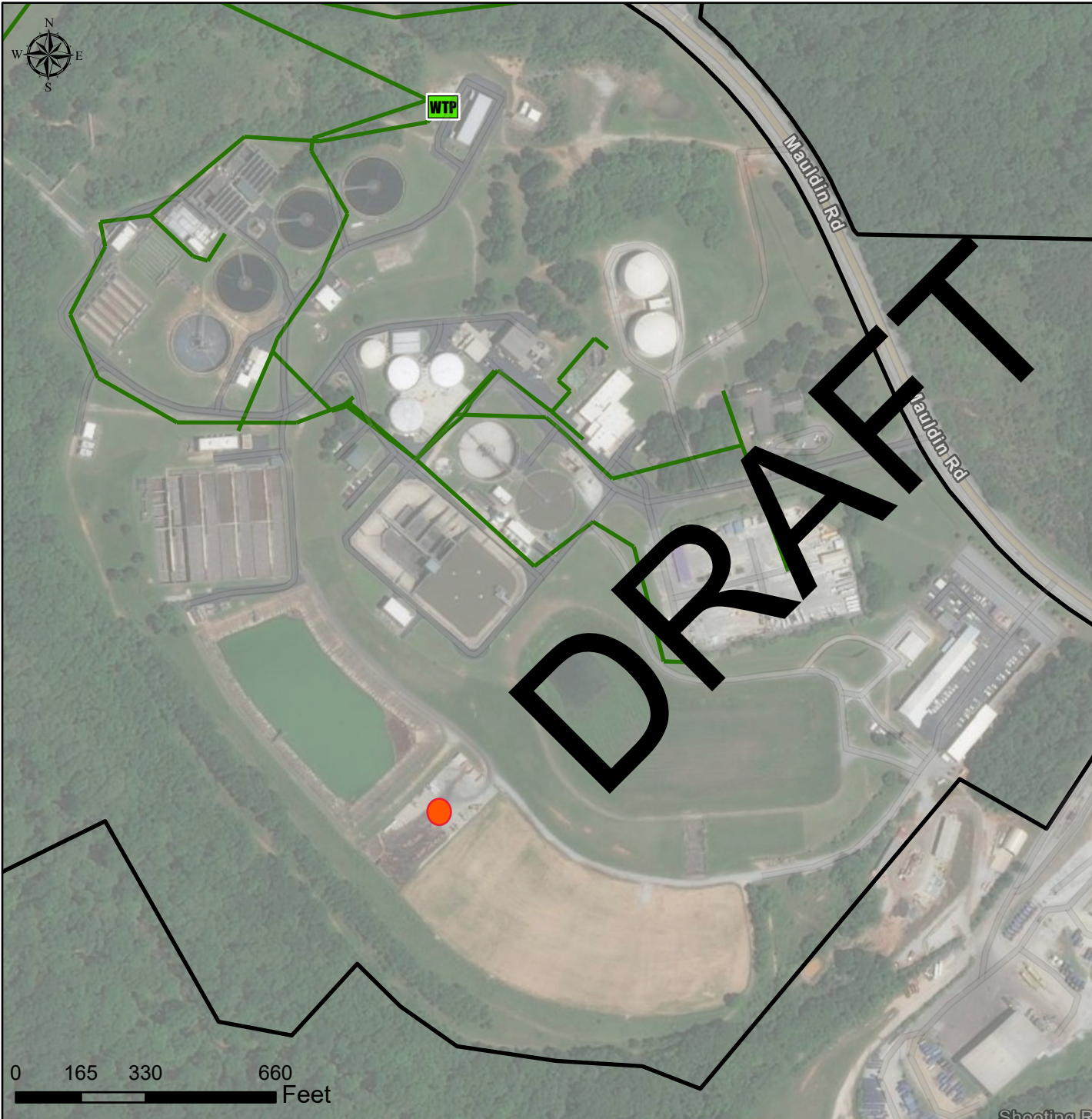
Project Information			
Project Name	Biosolids Cake Storage		
Project Number	PX49		
Estimated Costs			
Engineer	KCI Technologies		
Engineer's Total Estimate	\$944,000		
ReWa's Total Budget	\$1,136,753		
Bid Information			
Bid Submittal Deadline	April 25, 2023		
Contracting/Selection Method	Construction IDC		
Bidders and Bids			
	<i>Contractor</i>	<i>Location</i>	<i>Bid</i>
<input checked="" type="checkbox"/> *	Harper Corporation	Greenville, SC	\$1,677,900
<input type="checkbox"/>	Reeves Young	Sugar Hill, GA	\$2,087,000
<input type="checkbox"/>	Wharton Smith	Charlotte, NC	\$2,202,000

*Lowest responsive and responsible bidder.

Staff recommends the Board award the Biosolids Cake Storage contract to Harper Corporation and authorize the Chief Executive Officer to execute the contract in the amount not to exceed \$1,677,900.

Mauldin Road WRRF

Biosolids Cake Storage



- Project Location
- ReWa WRRF
- ReWa Pump Station
- ReWa Gravity Main
- ReWa Force Main
- ReWa WRRF Boundary

This map is a product of ReWa. The accuracy and completeness of the lines and boundaries displayed on this map are believed to be accurate. ReWa expressly disclaims any responsibility or liability for this map.

**BOARD OF COMMISSIONERS'
RESOLUTION**



Biosolids Cake Storage Construction Contract Award

WHEREAS, the Biosolids Cake Storage project consists of selective concrete demolition, new concrete foundations, general electrical, lighting, and ventilation equipment;

NOW, THEREFORE, BE IT RESOLVED that Renewable Water Resources does hereby award this work to Harper Corporation for a cost not to exceed \$1,677,900 and that the Chief Executive Officer and/or his designee is hereby authorized to execute the contract on behalf of ReWa, conditioned upon and subject to the following:

1. The Contractor's Acceptance.
2. The Contractor's compliance with the terms and conditions set forth in the Notice of Award.

The above Resolution, upon motion duly made, was passed and approved by the Board of Commissioners of Renewable Water Resources at a regular meeting held on the 22nd day of May 2023.

DRAFT

R. L. FOGLEMAN, JR., CHAIRMAN

ATTEST:

CLINTON J. THOMPSON, SECRETARY/TREASURER

DATE: May 22, 2023
TO: Board of Commissioners
FROM: Tyler Harris
CC: Joel Jones, David Niese, Becca Bowyer
SUBJECT: Gilder Creek Trunk Sewer Emergency Replacement Streambank Restoration Construction Contract Amendment No. 1



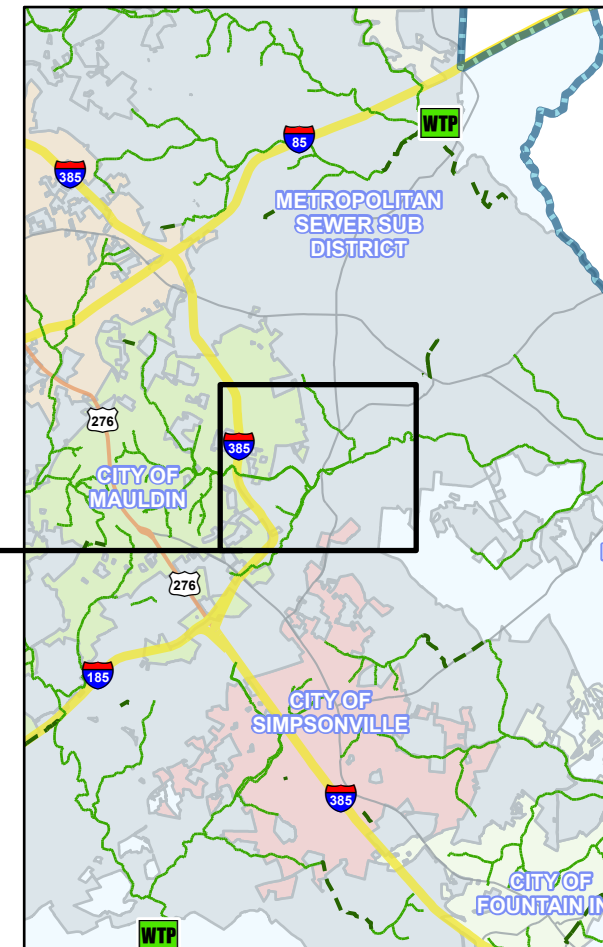
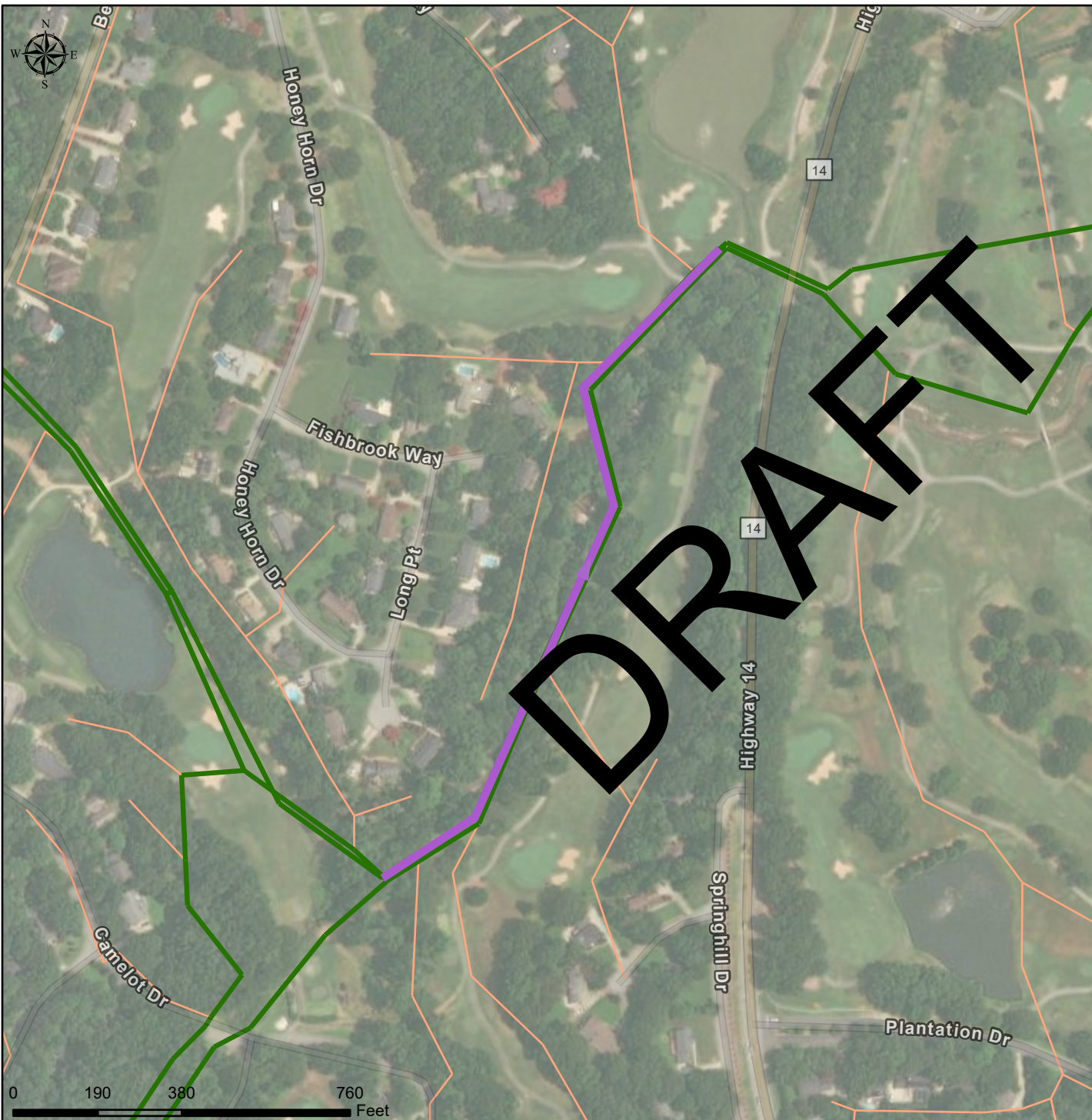
**BOARD OF COMMISSIONERS'
MEMORANDUM**

The emergency replacement of the Gilder Creek Trunk Sewer is currently in operation. However, the streambank restoration adjacent to it is under construction by Wildlands Construction.

A contract amendment is needed to address additional work items not included in the original construction award. Work includes additional grading, bank protection and in-stream practices throughout the parallel replacement trunk sewer. Staff has negotiated a contract amendment to address these additional work items.

Project Name	Gilder Creek Trunk Sewer Emergency Replacement
Project Number	PRJ-00039
Contractor	Wildlands Construction
Amendment Not-to-Exceed Cost	\$178,880.77
Amendment No.	1
Previous Contract Value	\$882,807.50
Total Contract Value	\$1,061,688.27
Amendment Extension (days)	156

Staff recommends the Board approve and authorize the Chief Executive Officer to execute Amendment No. 1 to the contract with Wildlands Construction for \$178,880.77 increasing the overall contract to a not-to-exceed amount of \$1,061,688.27.



- Proposed Pump Station
- Proposed Force Main
- Proposed Gravity Main
- ReWa WRRF
- ReWa Pump Station
- ReWa Force Main
- ReWa Gravity Main

This map is a product of ReWa. The accuracy and completeness of the lines and boundaries displayed on this map are believed to be accurate. ReWa expressly disclaims any responsibility or liability for this map.

Date Exported: 3/2/2023

**BOARD OF COMMISSIONERS'
RESOLUTION**



Gilder Creek Trunk Sewer Emergency Replacement Streambank Restoration
Construction Contract Amendment No. 1

WHEREAS the Gilder Creek Trunk Sewer Emergency Replacement Streambank Restoration Amendment No. 1 consists of additional work items not included in the original scope of work;

WHEREAS, Wildlands Construction has previously been awarded \$882,807.50 for construction services;

WHEREAS, Staff has negotiated a fee not to exceed \$178,880.77 for additional construction services;

NOW, THEREFORE, BE IT that Renewable Water Resources does hereby amend the contract with Wildlands Construction and authorize the Chief Executive Officer and/or his designee to execute an amendment to bring the total contract to a not-to-exceed amount of \$1,061,668.27 and for an increased duration of 135 days, to bring the total contract time to 241 days.

The above Resolution, upon motion duly made, was passed and approved by the Board of Commissioners of Renewable Water Resources at a regular meeting held on the 22nd day of May 2023.

DRAFT

R. L. FOGLEMAN, JR., CHAIRMAN

ATTEST:

CLINTON J. THOMPSON, SECRETARY/TREASURER



Monday, May 22, 2023
Administration and Finance Committee Meeting

AGENDA

Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
3:15 PM

1. Call to Order

1.01 Meeting Called to Order

2. Welcome

2.01 Committee Members: Committee Chair Tom Coker, Clint Thompson, Emily K. Roberts, & George Fletcher

2.02 Non-Committee Members and Staff

2.03 Recognition and Introduction of Visitors Present

3. Investment Summary

3.01 Investment Summary 04-30-23 - NO ACTION REQUIRED

4. Summary of Financial Condition

4.01 Summary of Financial Condition 04-30-23 - NO ACTION REQUIRED

5. New Account Fee Classification Report

5.01 New Account Fee Classification Report - NO ACTION REQUIRED

6. Sustainability Services Scorecard

6.01 Sustainability Services Scorecard - NO ACTION REQUIRED

7. 2023A Series Resolution

7.01 2023A Series Resolution - Lower Reedy Odor Control (Memo, Resolution)**

8. 2023B Series Resolution

8.01 2023B Series Resolution - FY19 Gravity Sewer and Manhole Rehabilitation (Memo, Resolution)**

9. 2023C Series Resolution

9.01 2023C Series Resolution - Lower Reedy Digester (Memo, Resolution)**

10. 2023D Series Resolution

10.01 2023D Series Resolution - FY22 Gravity Sewer and Manhole Rehabilitation (Memo, Resolution)**

11. New Business

11.01 New Business

12. Unfinished Business

12.01 Unfinished Business

13. Other Business

13.01 Other Business

14. Adjournment

14.01 Adjourn the meeting

15. Meeting Disclosures

15.01 **Following Board review and approval, this item will be made available to the public upon request based on ReWa's Public Information Policy approved May 23, 2011.

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Renewable Water Resources
Cash and Investment Summary
April 30, 2023

	Interest Rate	Balance March 31, 2023	Balance April 30, 2023	Period Change
Cash and investments by institution				
U.S. Bank debt service fund ¹	0.001%	\$ 7,808,581	\$ 9,608,524	\$ 1,799,943
Southern First Bank MM	4.600%	29,422,709	29,533,996	111,287
Southern First Bank MM NAF	4.600%	610,722	613,031	2,309
UBS Financial Services	0.466%	4,696,830	4,704,950	8,820
UBS Financial Services NAF	0.892%	13,105,067	13,171,110	6,043
MBS-Multi Bank Securities	1.273%	1,434,537	1,442,450	7,913
SC Local Government Investment Pool NAF	5.096%	998,264	1,002,446	4,182
SC Local Government Investment Pool	5.096%	104,181	104,618	437
Truist checking	0.350%	8,573,058	8,569,646	(1,003,412)
Truist new account fee	0.050%	502,014	502,012	998
Truist Peters Creek	0.050%	76,414	76,569	155
Petty cash		2,835	3,235	400
Total funds		\$ 68,393,512	\$ 69,332,587	\$ 939,075
Less: Restricted funds				
U.S. Bank debt service fund ¹		\$ 7,808,581	\$ 9,608,524	\$ 1,799,943
Bond covenant: operations & maintenance		4,195,780	4,195,780	-
Total restricted funds		12,004,361	13,804,304	1,799,943
Total unrestricted funds³		56,389,151	55,528,283	(860,868)
Less: Committed and assigned funds				
Committed: new account fee ⁴		9,944,069	10,461,152	517,083
Assigned: emergency ⁵		2,083,111	2,083,111	-
Total committed and assigned funds		12,027,180	12,544,263	517,083
Total available funds		\$ 44,361,971	\$ 42,984,020	\$ (1,377,951)

¹ Funds held in trust for upcoming principal and interest payments in accordance with section 4.08 of the series resolution adopted December 6, 2004.

² Funds restricted for operating & maintenance expenses in accordance with the bond resolution adopted June 14, 2010.

³ Unrestricted funds are generally available and not legally restricted. While unrestricted cash reserves are generally available, it is ReWa's policy to maintain the following liquidity target:

- 250 days of cash on hand: unrestricted cash and investments divided by total operating expenses before depreciation, expressed in number of days.

⁴ Monies received from new account fees committed to fund capacity increases.

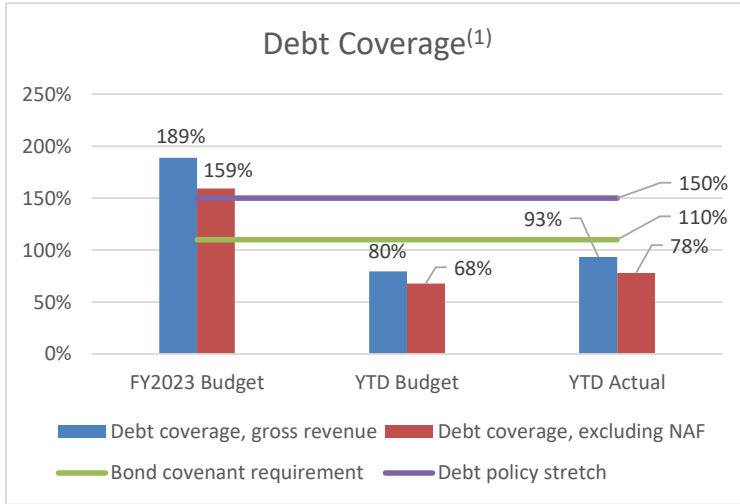
⁵ Monies assigned for emergency expenditures.

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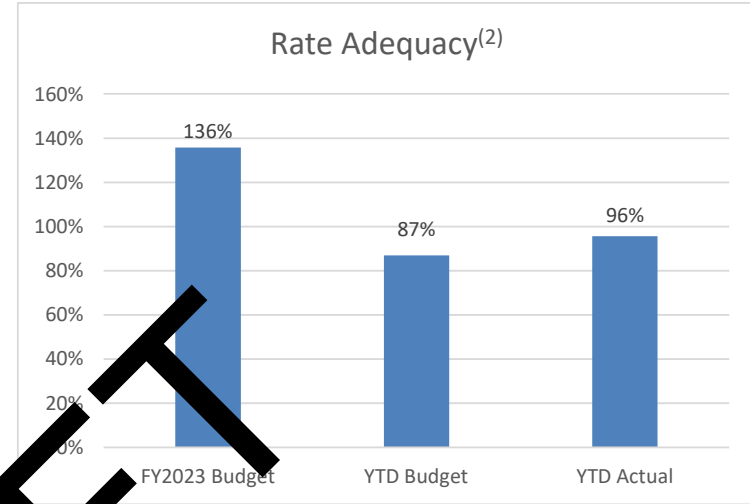
**Renewable Water Resources
Summary of Financial Condition
January 1, 2023 - April 30, 2023**

	<u>FY 2023 Budget</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>Favorable (Unfavorable) USD</u>	<u>Favorable (Unfavorable) %</u>
Revenue					
Domestic and commercial	\$ 94,647,970	\$ 31,549,323	\$ 33,091,463	\$ 1,542,140	5%
Industrial	8,557,600	2,967,000	2,830,862	(136,138)	(5%)
New account fee (NAF)	10,000,000	3,333,334	4,284,408	951,074	29%
Septic haulers and other	760,000	253,333	225,856	(27,477)	(11%)
Unrestricted investment revenue	250,000	83,333	465,152	381,819	458%
Investment fair value adjustment	-	-	68,450	268,450	(100%)
Miscellaneous revenue	190,000	5,333	199,163	135,830	214%
Gross revenue	\$ 114,405,570	\$ 38,248,656	\$ 41,365,354	\$ 3,115,698	8%
Expense					
Administration					
Administrative finance	\$ 11,701,655	\$ 3,417,248	\$ 3,414,750	\$ 2,495	0%
Business services	3,105,890	1,032,843	976,311	56,532	5%
Human resources	3,727,725	1,790,176	673,504	116,672	15%
Information technology	3,664,398	1,543,812	1,193,046	350,766	23%
Technical operations					
Collections & maintenance	6,456,624	2,065,162	1,989,988	75,174	4%
Engineering	883,861	265,288	460,855	(195,567)	(74%)
Regulatory services	7,321,075	2,368,815	2,168,831	199,984	8%
Water resource recovery facilities	13,428,970	4,455,690	4,385,834	69,856	2%
Total O&M departmental expense	\$ 27,499,361	15,939,031	15,263,119	675,912	4%
Debt service	33,919,657	28,048,913	28,012,915	35,998	0%
Total operational expense & debt	\$ 84,269,018	\$ 43,987,944	\$ 43,276,034	\$ 711,910	2%
Contribution to capital			\$ (1,910,680)		

Key Operating Metrics

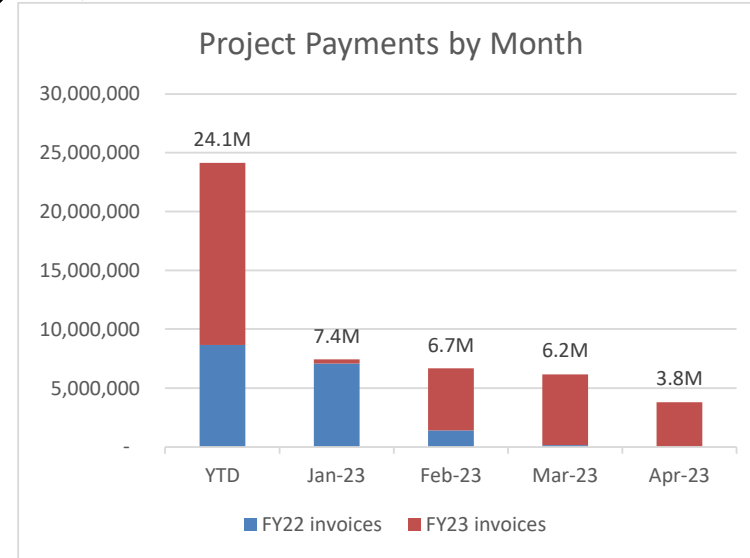
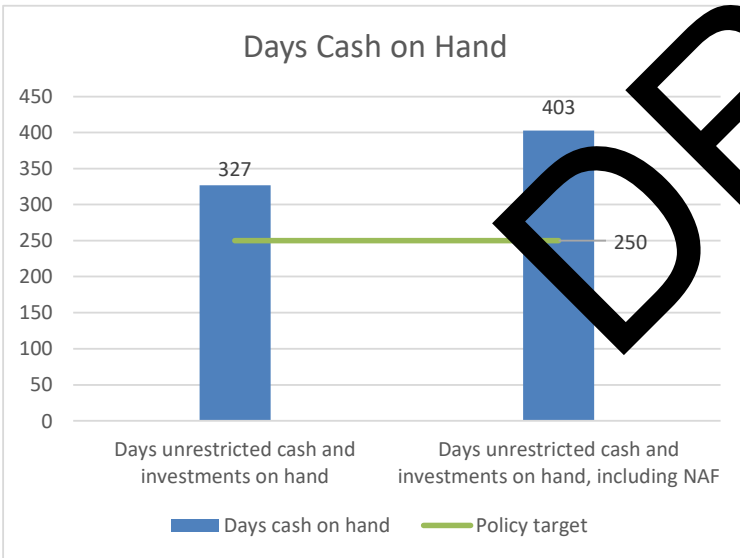


⁽¹⁾ Percentage of revenue after operating expense to cover long term debt payments



⁽²⁾ Interest coverage for both operating and long term debt expense

YTD Project Payments



Renewable Water Resources
NAF Classification Report



	Subdivision		Multi-family		Individual Home		Septic to Sewer		Mixed Use		Commercial		Retail		Totals	
	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
January	\$ 257,500	\$ 342,500	\$ -	\$ 3,750	\$ 20,000	\$ 27,500	\$ -	\$ 7,500	\$ 5,667	\$ 146,250	\$ 72,500	\$ 142,500	\$ -	\$ 48,450	\$ 355,667	\$ 718,450
February	792,500	815,000	537,500	5,000	50,000	52,500	-	5,000	1,108	45,000	67,500	80,000	-	24,300	1,448,608	1,026,800
March	1,340,000	745,000	-	3,750	65,000	33,750	7,500	5,000	286,600	10,000	97,500	37,500	2,700	18,000	1,799,300	853,000
April	715,000	866,600	-	686,250	77,500	63,400	7,500	5,000	172,658	33,608	102,500	25,000	-	6,300	1,075,158	1,686,158
May	540,000		20,000		70,000		5,000		419,692		175,000		333,600		1,563,292	-
June	718,750		422,217		95,000		2,500		1,425		105,000		62,500		1,407,392	-
July	422,500		1,250		67,500		-		-		340,000		4,700		835,950	-
August	382,500		890,000		37,500		5,000		9,900		35,000		-		1,359,900	-
September	617,500		23,750		80,000		5,000		-		75,000		126,600		927,850	-
October	524,500		16,875		81,875		7,500		8,934		77,500		14,700		731,884	-
November	507,500		6,875		45,000		2,500				50,000		9,000		620,875	-
December	957,500		7,500		75,000		2,500		1,147		115,000		6,300		1,175,247	-
Totals	\$ 7,775,750	\$ 2,769,100	\$ 1,925,967	\$ 698,750	\$ 764,375	\$ 177,150	\$ 45,000	\$ 22,500	\$ 17,430	\$ 14,858	\$ 1,312,500	\$ 285,000	\$ 560,100	\$ 97,050	\$ 13,301,122	\$ 4,284,408
Refunds															\$ (15,008)	
Receivables / Outstanding Deposits															\$ 2,500	
New Account Fees per the Summary of Financial Condition															\$ 13,288,614	\$ 4,284,408

DRAFT

Sustainability Services Scorecard

		2022	2023 YTD	Jan	Feb	Mar	Apr
Recruiting/Retention	Overall Turnover %	18%	2.2%	0.6%	0.0%	1.1%	0.5%
	Terminations	32	4	1	0	2	1
	New Hires (FTE's)	29	11	3	2	2	4
	Headcount (full time, no commissioners)	178	181	180	180	181	183
	Open Positions	18	15	14	15	16	14
	Overtime Hours	2,808	2,382	595	345	545	597
	Manhours (Exempt and Non-Exempt) - not including OT	102,514	108,802	25,453	26,101	29,442	27,806
	Vacancy Rate	10%	11%	12%	12%	11%	10%
Safety and Wellness	Near Misses	3	-	0	0	0	0
	Recordables	2	-	0	0	0	0
	Lost Time	1	-	0	0	0	0
	Vehicle Incident	14	10	1	3	5	1
	Potential Hazards	20	7	3	3	0	1
	Nurse Practitioner Visits	1,288	478	135	117	115	111
	Health Plan Savings	\$ 81,721	\$ 41,636	\$ 14,803	\$ 12,514	\$ 6,289	\$ 8,030
	Productivity Savings	\$ 130,224	\$ 48,253	\$ 13,628	\$ 11,811	\$ 11,609	\$ 11,205
	Formal Wellness Activities/Programs	16	17	2	4	6	5
Communi- cations	Social Media Followers (FB, IG, LI, twitter)		3,191	3,086	3,145	3,242	3,289
	Off campus/-n-the community outreach opportunities		19	2	3	9	5
	Tours/Visits on site		15	1	3	6	5

**RENEWABLE WATER RESOURCES
M E M O R A N D U M**

May 22, 2023

TO: Board of Commissioners
FROM: Thomas Brooks, Controller
CC: Cathy Caldwell, CFO
SUBJECT: Series 2023A SRF Loan

On July 25, 2022, the Commission authorized the Agency to apply to the South Carolina Water Quality Revolving Fund Authority (the "State Authority") for a loan from the Fund for the Lower Reedy Water Resource Recovery Facility Odor Control Project for the construction of new odor control facilities including the addition of aluminum covers on three existing processing tanks, two biotrickling filter systems and other associated necessary costs for a complete odor control system. On April 18, 2023, the State Authority conditionally approved the Loan. Details of the Series 2023A SRF loan are as follows:

Series	2023A
Project	Lower Reedy WRRF Odor Control Improvements
Principal	\$2,246,000
Closing Date	3D
Term	80 quarterly installments commencing on June 1 st , 2024
Interest Rate	50%
Structure	Installment loan

Staff recommends that the Board adopt the 2023A Series Resolution authorizing the execution and delivery of the Loan Agreement and Note, and authorizing the execution and delivery by, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of the 2023A Series Resolution.

A SERIES RESOLUTION

APPROVING THE FINANCING OF SEWER SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING EIGHT MILLION TWO HUNDRED FORTY-SIX THOUSAND DOLLARS (\$8,246,000), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN RENEWABLE WATER RESOURCES, SOUTH CAROLINA AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM RENEWABLE WATER RESOURCES, SOUTH CAROLINA TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

2023A SERIES RESOLUTION

Adopted May 22, 2023

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Exhibit A – Form of Loan Agreement..... A-1

**BE IT RESOLVED BY THE RENEWABLE WATER RESOURCES COMMISSION,
IN A MEETING DULY ASSEMBLED, AS FOLLOWS:**

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings of Fact.

Incident to the adoption of this series resolution (this “**2023A Series Resolution**”), the Renewable Water Resources Commission (the “**Commission**”), the governing body of Renewable Water Resources, South Carolina (the “**Issuer**”), has made the following findings:

(a) The Issuer is a special purpose district created by Act No. 362 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1925, as amended, and is empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina 1976, as amended (the “**Act**”) to: (i) undertake a wastewater treatment and disposal project as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C. §§1381 *et seq.*; (ii) make application for and to receive assistance from the South Carolina Water Quality Revolving Fund Authority (the “**State Authority**”); (iii) comply with regulations relating to the receipt and disposition of money from the State Water Pollution Control Revolving Fund (the “**Fund**”) created by the Act; (iv) apply for and receive state grants; (v) enter into loan agreements; and (vi) comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, permits the incurrence of debt for the purpose of financing facilities for the furnishing of sewer treatment services and permits the securing of such indebtedness with a pledge of the revenues upon the system from which such revenues are derived.

(c) The Commission has determined that, in order for the Issuer to adequately serve its customers, it is necessary to undertake certain modifications and improvements to its sewer system (the “**System**”). The project consists of the design, construction, and equipping of the Lower Reedy Water Resource Recovery Facility Odor Control Improvements Project described in the hereinafter defined Loan Agreement (the “**Project**”). Upon completion, the Project will be a part of and will constitute a portion of the System.

(d) The Commission previously adopted a resolution authorizing an application to the State Authority for a loan from the Fund (the “**Loan**”).

(e) On April 18, 2023, the State Authority, upon review of the Issuer’s loan application, conditionally approved the Loan.

(f) The Loan is to be made and secured pursuant to a loan agreement between the Issuer and the State Authority (the “**Loan Agreement**”), the form of which is attached hereto as Exhibit A, and a promissory note executed and delivered by the Issuer, registered in the name of the State Authority (the “**Note**”), the form of which is attached as Appendix E to the Loan Agreement. Pursuant to the Loan Agreement, the Issuer will agree to use the proceeds of the Loan only to pay

the actual eligible costs of the Project, and, if deemed prudent by the Issuer, capitalized interest on the Note pursuant to the terms of the Loan Agreement; the Issuer will also agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. To secure its obligations, the Issuer will grant to the State Authority a pledge of, and a lien upon that portion of the Gross Revenues of the System (as defined in the Bond Resolution, which term is defined herein below) which remain after payment of all Operation and Maintenance Expenses (as defined in the Bond Resolution) (the “**Pledged Revenues**”). Upon any failure of the Issuer to make any payments to the State Authority pursuant to the Loan Agreement or the Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to provisions of the Act, such amount from the State appropriations to which the Issuer may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

- (g) The Commission is adopting this 2023A Series Resolution in order to:
- (1) authorize the execution and delivery of, on behalf of the Issuer, the Loan Agreement and the Note;
 - (2) evidence the approval of the Project and the Loan by the Commission; and
 - (3) authorize the execution and delivery by, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this 2023A Series Resolution.

(h) The Commission has made general provision for the issuance of Sewer System Revenue Bonds of the Issuer by a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” dated June 14, 2010 (the “**Bond Resolution**”). This 2023A Series Resolution constitutes a Series Resolution under the Bond Resolution and the Note shall be considered a Series of Bonds under the Bond Resolution. Terms used here and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

(i) Pursuant to the Bond Resolution, the Issuer has Outstanding the following Series of Bonds (collectively, the “**Outstanding Bonds**”):¹

¹ It is anticipated that at the time of the Date of Issue of the Note, the Issuer will also have issued its: (i) not exceeding \$3,488,161 Sewer System Revenue Bond, Series 2023B (State Water Pollution Control Revolving Fund, Loan Number X1-260-23-370-101)(FY19 Gravity Sewer and Manhole Rehabilitation) (the “**2023B Bond**”); (ii) not exceeding \$10,778,231 Sewer System Revenue Bond, Series 2023C (State Water Pollution Control Revolving Fund, Loan Number X1-261-23-370-108)(Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2) (the “**2023C Bond**”); and (iii) not exceeding \$6,280,044 Sewer System Revenue Bond, Series 2023D (State Water Pollution Control Revolving Fund, Loan Number X1-262-23-370-111)(FY22 Gravity Sewer and Manhole Rehabilitation) (the “**2023D Bond**”, and together with the 2023B Bond and 2023C Bond, collectively, the “**2023 Bonds**”). The 2023 Bonds shall also be issued on a parity with the Note and the Outstanding Bonds.

- (1) the now outstanding \$4,520,000 principal amount of the \$13,465,000 original principal amount Sewer System Refunding Revenue Bond, Series 2015A, dated October 7, 2015;
- (2) the now outstanding \$3,779,633 principal amount of the \$4,572,731 final principal amount Sewer System Revenue Bond, Series 2016A (State Water Pollution Control Revolving Fund, Loan Number X1-175-16-370-67) (FY 15/16 Gravity Sewer and Manhole Rehabilitation), dated March 25, 2016;
- (3) the now outstanding \$11,703,261 principal amount of the \$13,807,197 final principal amount Sewer System Revenue Bond, Series 2016B (State Water Pollution Control Revolving Fund, Loan Number X1-176-16-370-66) (Richland Creek Trunk Sewer Improvements), dated March 25, 2016;
- (4) the now outstanding \$2,387,000 principal amount of the \$11,736,000 original principal amount Sewer System Refunding Revenue Bond, Series 2017A, dated March 14, 2017;
- (5) the now outstanding \$1,217,126 principal amount of the \$1,529,876 final principal amount Sewer System Revenue Bond, Series 2017B (State Water Pollution Control Revolving Fund, Loan Number X1-194-17-370-69) (FY 17 Gravity Sewer and Manhole Rehabilitation), dated December 4, 2017;
- (6) the now outstanding \$3,911,418 principal amount of the \$42,690,718 original principal amount Sewer System Revenue Bond, Series 2017C (State Water Pollution Control Revolving Fund, Loan Number 1-195-17-370-85) (Reedy River Basin Sewer Tunnel), dated December 4, 2017;
- (7) the now outstanding \$25,055,000 principal amount of the \$25,055,000 original principal amount Sewer System Revenue Bonds, Series 2018A, dated October 11, 2018;
- (8) the now outstanding \$1,047,169 principal amount of the \$1,242,265 final principal amount Sewer System Revenue Bond, Series 2019A (State Water Pollution Control Revolving Fund, Loan Number X1-205-18-370-97) (FY 18 Gravity Sewer and Manhole Rehabilitation), dated May 17, 2019;
- (9) the now outstanding \$14,081,848 principal amount of the \$15,343,433 final principal amount Sewer System Revenue Bond, Series 2019B (State Water Pollution Control Revolving Fund, Loan Number 1-206-18-370-84) (Lower Reedy Water Resource Recovery Facility Digester Capacity Evaluation and Improvements), dated May 17, 2019;
- (10) the now outstanding \$11,377,115 principal amount of the \$12,540,156 final principal amount Sewer System Revenue Bond, Series 2019C (State Water

Pollution Control Revolving Fund, Loan Number X1-211-18-370-99) (Rock Creek Interceptor Upgrade), dated May 17, 2019;

- (11) the now outstanding \$9,684,946 principal amount of the \$10,664,665 original principal amount Sewer System Revenue Bond, Series 2020B (State Water Pollution Control Revolving Fund, Loan Number X1-226-20-370-98) (Unity Park Trunk Sewer Improvements Project), dated May 19, 2020;
- (12) the now outstanding \$17,965,000 principal amount of the \$22,445,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020C, dated October 6, 2020;
- (13) the now outstanding \$7,355,000 principal amount of the \$23,730,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020D (Federally Taxable), dated October 6, 2020;
- (14) the now outstanding \$3,128,521 principal amount of the \$3,261,948 original principal amount Sewer System Revenue Bond, Series 2021A (State Water Pollution Control Revolving Fund, Loan Number X1-236-20-370-107) (Peppertree Pump Stations #1 and #2 Elimination Project), dated June 30, 2021;
- (15) the now outstanding \$2,193,960 principal amount of the \$2,187,570 original principal amount Sewer System Revenue Bond, Series 2021B (State Water Pollution Control Revolving Fund, Loan Number X1-239-21-370-105) (Simpsonville B Pump Station Elimination Project), dated June 30, 2021; and
- (16) the now outstanding \$120,000,000 principal amount of the \$120,000,000 original principal amount Sewer System Revenue Bond, Series 2022A (the "2022A Bond"), dated September 8, 2022.²

(j) The proceeds of the Loan secured by the Note are necessary to provide funds to be used and expended for the purpose of expanding and improving the System, which purposes are permitted by Section 4.01(A)(1) of the Bond Resolution. The Commission further specifies and determines as follows:

- (i) the period of usefulness of the System is not less than twenty-five (25) years.
- (ii) the Date of Issue of the Note shall be the date that the Note is executed and delivered as provided in Section 3.01 of this 2023A Series Resolution;
- (iii) the principal amount of the Note shall not exceed Eight Million Two Hundred Forty-Six Thousand Dollars (\$8,246,000), plus capitalized interest, if any; the exact principal

² The 2022A Bond was issued as a variable rate draw down obligation that accrues interest only on principal advanced, from the date advanced. As of May 22, 2023, \$54,689,680 has been advanced.

amount (exclusive of capitalized interest) to be determined at the final disbursement of the Loan by the State Authority and Section 4.01 herein;

(iv) the date of the final payment of principal of the Note shall be as set forth in the Loan Agreement and shall not exceed 20 years from the First Payment Due Date (as defined therein);

(v) the Note is to be issued for the purpose of providing funds to defray all or a portion of the costs of the Project;

(vi) the Note shall be designated “Renewable Water Resources, South Carolina Sewer System Revenue Bond, Series 2023A” and such designation may further include the loan number provided by the State Authority and a description of the purpose of the Loan;

(vii) the Note shall be sold to the State Authority in accordance with the Act;

(viii) the Note shall be numbered and lettered as provided in the form of the Note attached to the Loan Agreement;

(ix) the dates for payment of principal of the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(x) the Note shall bear interest at the rate set forth in the Loan Agreement per annum; the Note shall not be subject to any Interest Rate Swap Agreement;

(xi) the dates for payment of interest on the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(xii) the redemption prices and dates applicable to the Note shall be as set forth in the Loan Agreement and the Note;

(xiii) the Trustee (as defined in Section 2.03 herein) shall serve as Trustee, Paying Agent and Registrar for the Note;

(xiv) the Note shall be issued as a single term bond, payable by way of approximately equal, amortized payments as set forth in the Loan Agreement;

(xv) the Note, the form of which is attached as Appendix E to the Loan Agreement, shall be issued as a single bond in the denomination of the principal amount thereof;

(xvi) the Note shall not be issued in book-entry form as permitted by Section 4.18 of the Bond Resolution;

(xvii) the Reserve Requirement for the Note shall be as set forth in Section 3.02 hereof;

(xviii) the proceeds of the Note shall be applied as set forth in the Loan Agreement;

(xix) the Series 2023A Debt Service Fund shall be established as a Debt Service Fund under the Bond Resolution as set forth in Section 2.03 of this 2023A Series Resolution, but because the State Authority will hold the proceeds of the Note until such time as they are requisitioned for costs, no construction fund shall be established;

(xx) the Series 2023A Debt Service Reserve Fund shall be established as a Debt Service Reserve Fund under the Bond Resolution as set forth in Section 2.03 of this 2023A Series Resolution;

(xxi) the Issuer has not been notified of the occurrence of any Event of Default under the Bond Resolution, nor is it aware of any such occurrence; and

(xxii) none of the Outstanding Bonds have a Reserve Requirement.

* * *

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ARTICLE II

AUTHORIZATION OF THE LOAN AND ESTABLISHMENT OF FUNDS

Section 2.01 Authorization of Loan.

The Commission hereby authorizes the Issuer's acceptance of the Loan from the State Authority in an amount not exceeding \$8,246,000, plus capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement.

Section 2.02 Repayment of Loan by Issuer.

The Commission hereby authorizes the repayment of the Loan by the Issuer to the State Authority from the Pledged Revenues, or if said revenues are not sufficient, from state appropriations as the Issuer may become entitled to, pursuant to and in accordance with the provisions of the Loan Agreement and the Note.

Section 2.03 Establishment of Funds.

There shall be established by the Chief Financial Officer (as defined in the Bond Resolution and Section 4.01 herein) a Series 2023A Debt Service Fund and a Series 2023A Debt Service Reserve Fund, each to be held by U.S. Bank National Association, as Trustee (the "*Trustee*"), and maintained in accordance with the provisions of the Bond Resolution and the Loan Agreement.

ARTICLE III

LOAN AGREEMENT AND NOTE; FUNDING THE SERIES 2023A DEBT SERVICE RESERVE FUND

Section 3.01 Authorization of Loan Agreement and the Note.

The Loan Agreement, in substantially the form attached hereto as Exhibit A, and the Note, in substantially the form attached to the Loan Agreement as Appendix E, with such changes as the Chairman of the Commission (the “**Chairman**”) shall approve (his execution to be conclusive evidence of such approval) are hereby approved, and the execution and delivery of the Loan Agreement and the Note on behalf of the Issuer are hereby authorized and directed. The Loan Agreement and the Note shall be dated as of the Date of Issue, which is expected to be not later than June 30, 2023; however, such Date of Issue may be subject to change in the sole discretion of the Chairman.

The Loan Agreement and the Note shall be executed on behalf of the Issuer by the Chairman or the Chief Executive Officer of the Issuer (the “**CEO**”), and attested by the Secretary/Treasurer of the Commission (the “**Secretary**”) or the Chief Financial Officer. In connection with the Loan, the CEO and the Chief Financial Officer are each expressly delegated authority to undertake all actions and approvals granted to the Chairman and the Secretary, respectively.

Section 3.02 Provision for Funding of the Series 2023A Debt Service Reserve Fund.

The Chief Financial Officer is hereby authorized to cause the satisfaction of such Reserve Requirement by funding the Series 2023A Debt Service Reserve Fund with cash or cash equivalents as authorized by the Bond Resolution and as further provided for in the Loan Agreement. If required to be funded, the Issuer, acting through the Trustee, will maintain the Reserve Requirement in accordance with the provisions of the Bond Resolution and the Loan Agreement.

* * *

ARTICLE IV

MISCELLANEOUS

Section 4.01 Other Instruments and Actions.

In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this 2023A Series Resolution and the agreements and actions herein authorized, the Chairman, the CEO, the Chief Financial Officer and the Secretary are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as the Chairman shall deem necessary or desirable. Additionally, the Chief Financial Officer is authorized to cause satisfaction of any such fees or expenses as may be required to close the Note. For the purposes herein and as defined in the Bond Resolution, the “*Chief Financial Officer*” is that employee of the Issuer holding the title of Chief Financial Officer.

Section 4.02 Resolution a Contract.

This 2023A Series Resolution shall constitute a contract between the Issuer and the State Authority, and shall be enforceable as such against the Issuer.

Section 4.03 Effective Date.

This 2023A Series Resolution shall become effective upon adoption by the Commission.

Section 4.04 Continuing Disclosure.

The Issuer covenants to file with the State Authority and with a central repository for availability in the secondary bond market when requested:

- (1) an annual independent audit, within thirty days of the Issuer’s receipt of the audit; and
- (2) event specific information within thirty (30) days of an event adversely affecting more than five percent of the Issuer’s customer base.

In the event the Issuer fails to comply with the requirements of this Section 4.04, the only remedy shall be an action of specific performance.

* * *

DONE, RATIFIED AND ADOPTED this 22nd day of May 2023.

**RENEWABLE WATER RESOURCES,
SOUTH CAROLINA**

(SEAL)

Chairman
Renewable Water Resources Commission

Attest:

Secretary/Treasurer
Renewable Water Resources Commission

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EXHIBIT A

FORM OF THE LOAN AGREEMENT

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LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

RENEWABLE WATER RESOURCES

Dated

_____, 2023

relating to

Lower Reedy Water Resource Recovery Facility Odor Control Improvements

South Carolina Water Pollution Control Revolving Fund

Loan Number: X1-257-22-370-113

No. ____ of Two Executed Original Counterparts

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "*Agreement*") is entered into as of the ___ day of _____, 2023, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the "*Authority*") and RENEWABLE WATER RESOURCES, a special purpose district in the State of South Carolina (the "*Project Sponsor*").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "*Act*") to administer the South Carolina Water Pollution Control Revolving Fund (the "*Fund*") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code as amended; and

WHEREAS, the South Carolina Department of Health and Environmental Control (the "*Department*") is authorized by the Act to, among other things, develop a priority system and prepare an annual plan to ensure compliance with the Federal Water Pollution Control Act; and

WHEREAS, the Authority is authorized by the Act to enter into Loan Agreements (as defined in the Act) with Project Sponsors in order to finance Projects (as defined in the Act); and

WHEREAS, the Act authorizes Project Sponsors, among other things, to undertake Projects, to receive assistance in the financing of such Projects by way of loans made from the Fund and to enter into loan agreements providing for the repayment of amounts received from the Fund, together with interest thereon; and

WHEREAS, the Project Sponsor proposes to acquire and construct the facilities described in Appendix "A" hereto (the "*Project*"), which Project will be part of the Project Sponsor's sewer system (the "*System*"); and

WHEREAS, the Project Sponsor proposes to finance the Project with a loan made from the Fund, such loan to be pursuant to, and on a parity with debt previously issued under, a resolution adopted by the Project Sponsor on June 14, 2010 entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" (the "*Bond Resolution*");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

SECTION 1.1. Loan Made and Accepted; Repayment. In consideration of the mutual promises of this Agreement, and upon and subject to its terms and conditions, the Authority agrees to make, and the Project Sponsor agrees to accept, the loan herein provided for (the "**Loan**"). The obligation of the Project Sponsor to repay the Loan and interest thereon is evidenced by this Agreement and a promissory note (the "**Note**") registered in the name of the Authority. The amount of the Loan (the "**Loan Amount**"), the interest rate on the Loan and the repayment schedule with respect to the Loan (the "**Repayment Schedule**") shall be as set forth in Appendix "B" hereto, as may be changed or modified pursuant to Section 1.4 hereof; the terms and form of the Note are set forth in Appendix "E". The Project Sponsor shall make payments with respect to the Loan at the times and in the amounts set forth in Appendix "B", as modified, on the due date of any such payment.

SECTION 1.2. Purpose Limited to Project. The Project Sponsor shall use the proceeds of the Loan only to pay the actual eligible costs of the Project. The Project is described in Appendix "A" and more specifically as approved in the Project files of the Department. Except to the extent otherwise approved in writing by the Authority, only the costs shown in the Project budget set forth in Appendix "A" shall be allowed and only in the amounts provided for each category. Costs of construction shall be allowed only for work called for in plans and specifications approved by the Department. Proceeds may not be used to pay for labor performed by employees of the Project Sponsor but may be used to pay for materials installed by them.

SECTION 1.3. Disbursements.

1.3.1. The Authority shall make and the Project Sponsor shall accept full or partial disbursements only against incurred actual eligible costs up to the Loan Amount and by category as provided in this Agreement.

1.3.2. For purposes of making requests for disbursement and representing the Project Sponsor in all administrative matters pertaining to administration of this Agreement, the Project Sponsor shall designate a single officer or employee (the "**Sponsor Representative**") prior to the first disbursement request.

1.3.3. When the Project Sponsor has paid the incurred Project costs and is seeking reimbursement for payment of such costs previously paid by the Project Sponsor, or when the Project Sponsor is seeking funds with which to pay incurred Project costs, disbursement from the Fund shall be remitted to the Project Sponsor via a check or an electronic funds transfer based on how the Project Sponsor is set up with the State Treasurer's Office to receive payments.

1.3.4. Before any disbursement, the Project Sponsor shall execute any documents requested by the Authority reasonably necessary or convenient to the foregoing and shall have satisfied all conditions of Section 1.6 hereof.

1.3.5. Requests for disbursement may be made only after the costs for which the draw is requested have been incurred. The Project Sponsor may not request a disbursement until all construction contracts are signed. The first request for disbursement submitted by the Project Sponsor pursuant to this Agreement shall include an amount for incurred construction costs and all amounts requested by the Project Sponsor for payment or reimbursement of amounts set forth in any of the categories "Planning and Design Engineering", "Land Acquisition", and "Legal and Appraisal Fees" which appear in the Project Budget in Appendix "A" hereto. The Project Sponsor shall not request disbursement against retainage until retainage is paid and shall not request disbursement for change orders unless such change orders have been approved by the Department. Unless the Authority otherwise approves, when the Project budget indicates that the Loan shall bear only a portion of the eligible costs of the Project, or a portion of certain itemized costs, any draw shall not exceed the same proportion of such costs reported for disbursement.

1.3.6. Requests for disbursement shall be made on forms of the Department unless the Authority or Department otherwise directs, and shall be accompanied by such invoices and other proofs as the Authority and Department may reasonably require. The final disbursement shall not be released until the Department issues its approval to place the Project into operation (the "*Permit to Operate*"). No disbursement requests will be accepted more than one hundred eighty (180) days after the date of such Permit to Operate.

1.3.7. The Authority may require that each draw request be submitted to the Authority and Department at least twenty-one (21) days before the day disbursement is needed and may limit draw requests to one per month. The Authority will exert its best efforts to disburse funds in response to a draw request within twenty-one (21) days of receiving such request, but no assurance is given by the Authority that such schedule will be met and the Authority shall incur no liability to any Project Sponsor. Processing disbursements on shorter notice or faster schedule shall not amend this provision.

SECTION 1.4. Changes in Payment Initiation Date, the Loan Amount and Repayment Schedule.

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the "*Payment Initiation Date*") is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in eighty (80) equal, or substantially equal, quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule may be changed but only as provided in the following Section 1.4.2. The

Interest Rate is fixed for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

1.4.2. (a) At the written request of the Project Sponsor, submitted to the Authority no later than sixty (60) days prior to the original Payment Initiation Date in Appendix "B", the Payment Initiation Date may be extended once by the Authority to any date not later than the earlier to occur of (i) six (6) months from the original Payment Initiation Date in Appendix "B", or (ii) thirty (30) months from the first day of the month following the date of this Agreement, or (iii) the first day of the month following the date of the Permit to Operate issued by the Department for the operation of the Project.

(b) In the event the Permit to Operate the Project is issued by the Department more than one (1) month prior to the Payment Initiation Date stated in Appendix "B", the Authority may require that either the Payment Initiation Date be accelerated to the first day of the month following the date of the Permit to Operate, or the term of the Loan be shortened by a minimum of three (3) months.

(c) The Project Sponsor may request that the Loan Amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the Fund. Any such request shall be submitted in writing to the Authority by the Project Sponsor not less than thirty (30) days prior to the Payment Initiation Date.

(d) The Authority or the Project Sponsor may initiate a reduction to the Loan Amount at any time there is a determination that a lesser amount is required for completion of the Project.

(e) The initial Repayment Schedule with respect to the Loan set forth in Appendix "B" shall be modified to reflect (i) changes in the Loan Amount, (ii) extension or acceleration of the Payment Initiation Date, and (iii) any other modification thereto agreed to by the Authority and the Project Sponsor.

(f) Modification of the Repayment Schedule resulting from a change in the Loan Amount subsequent to the Payment Initiation Date shall be made such that:

- (i) at the time of final disbursement pursuant to Section 1.3 the Authority shall determine the final Loan Amount;
- (ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in eighty (80) equal, or substantially equal, quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and
- (iii) any difference between the amount theretofore paid by the Project Sponsor prior to the revision of the Repayment Schedule and the amount which would have been paid had the revised schedule been in effect from and after the Payment Initiation Date shall be credited against the next payment, or payments, due under the revised Repayment Schedule.

(g) For purposes of the Repayment Schedule, any amounts disbursed subsequent to the Payment Initiation Date shall be considered to have been advanced on the Payment Initiation Date.

1.4.3. Any change in the Loan Amount, extension or acceleration of the Payment Initiation Date or modification of the Repayment Schedule shall be documented administratively by notice under this Agreement and shall be reflected in the substitution of a revised Appendix "B" hereto reflecting any such change or modification. In connection with any such change or modification, the Authority may, but need not, impose new terms and conditions, including cancellation of the Note and execution of a new Note.

SECTION 1.5. Deadline for Borrowing and Termination of Promise to Lend. The Authority, in its sole discretion, may terminate its promise to lend all of, or any unadvanced portion of, the Loan Amount which has not been advanced if:

1.5.1. The Project Sponsor has not entered into all construction contracts applicable to the Project within six (6) months of the date of this Agreement;

1.5.2. The Project Sponsor does not request disbursement of the unborrowed balance of the Loan Amount on or before the one hundred eightieth (180) day following the date of the Permit to Operate issued by the Department for the Project;

1.5.3. An Event of Default (as defined in Section 5.1 hereof) occurs (in which event the remedies for default likewise shall be available); or

1.5.4. A circumstance arises or becomes known which, in the Authority's sole discretion and opinion, (a) substantially impairs the ability of the Project Sponsor to complete the Project, to operate the Project or to repay the Loan, or (b) substantially impairs the merit of the Project.

SECTION 1.6. Conditions Precedent to Disbursement of Loan Proceeds. In addition to any other conditions herein provided, the Authority's obligation hereunder to make disbursements from the Fund for advances on the Loan shall be subject to satisfaction of the following conditions:

1.6.1. The Project Sponsor's representations and warranties shall remain true and correct;

1.6.2. No Event of Default shall have occurred under this Agreement or the Note;

1.6.3. The Project Sponsor has complied with the requirements of Sections 1.3, 1.4 and 1.5;
and

1.6.4. There shall be on deposit in any debt service reserve fund required by this Agreement the amount required at such time to be on deposit therein.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

The Project Sponsor represents and warrants to the Authority as follows:

SECTION 2.1. Status of Project Sponsor. The Project Sponsor is a special purpose district in the State of South Carolina (the "*State*"), authorized to acquire and construct the Project and to operate the Project and provide wastewater treatment/stormwater services.

SECTION 2.2. Financial Statements. The financial statements of the Project Sponsor delivered to the Authority are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles for units of government, consistently applied, and fairly present the respective financial condition of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in the financial conditions reflected in the statements since their date and no additional borrowing has been made by the Project Sponsor since then other than borrowing specifically disclosed and approved by the Authority. All other information submitted by the Project Sponsor in support of its application for this Loan is true and correct as of the date of this Agreement, and no material adverse change with respect to the Project Sponsor has occurred.

SECTION 2.3. Pending Litigation. There are no actions, suits or proceedings, at law or in equity, in court or before any governmental or administrative agency, either pending or to the knowledge of the Project Sponsor reasonably to be considered threatened, which may impair the validity or enforceability of the Note or this Agreement or the Project Sponsor's ability to repay the Loan or to construct and operate the Project to revenue.

SECTION 2.4. No Conflicting Transactions. Consummation of the transactions hereby contemplated and performance of this Agreement will not result in any breach of, or constitute a default under, any deed to secure debt, mortgage, deed of trust, indenture, security agreement, lease, bank loan or credit agreement, municipal charter, ordinances, contracts or other instruments to which the Project Sponsor is a party or by which it may be bound or affected.

SECTION 2.5. Ownership of Premises. The Project Sponsor owns in fee simple the real property which presently constitutes or which will constitute the main operating facilities of the Project and of the System as a whole, and further owns in fee simple or by sufficient easement the real property upon, across or under which the Project Sponsor has or will have its collection or trunk lines, manholes, pump stations and the like, including those to be a part of the Project and otherwise. Property of which the Project Sponsor has taken possession pursuant to Section 28-2-90 of the South Carolina Eminent Domain Procedure Act (Title 28, Chapter 2, Code of Laws of South Carolina, 1976, as amended), and in connection with which no action pursuant to Section 28-2-470 of such statute has been instituted within thirty (30) days of the condemnation notice with respect to such property, shall be deemed owned in fee simple by the Project Sponsor pursuant to this Section 2.5. The Project Sponsor has good record title to

the real property described above (or has possession pursuant to the Eminent Domain Procedure Act, as described above) with only such exceptions of record as do not limit the fee simple ownership and do not and will not interfere with the full use and enjoyment of the premises by the Project Sponsor. With respect to the personal property and fixtures of the Project Sponsor necessary or convenient to the System and its operation, and excepting certain permitted capital leases secured by such equipment as collateral, there are no liens or other claims of record against such property or other evidence of adverse ownership, and the Project Sponsor owns such personal property and fixtures in fee simple without conflicting claim of ownership.

SECTION 2.6. Other Project Arrangements. The Project Sponsor has secured the utilities, access, governmental approvals and other arrangements reasonably to be considered necessary for the undertaking of the Project.

SECTION 2.7. No Construction Default. Neither the Project Sponsor nor its contractor, architect or engineer for the Project or any related project is in default of any agreement respecting the Project or a related project.

SECTION 2.8. No Default. There is no default on the part of the Project Sponsor under this Agreement or the Note, and no event has occurred and is continuing, which, with notice or the passage of time would constitute a default under any part of this Agreement or the Note.

SECTION 2.9. Effect of Draw Requests. Each request for and acceptance of disbursement by the Project Sponsor shall be affirmation that the representations and warranties of this Agreement remain true and correct as of the date of the request and acceptance, that no breach of other provisions hereof has occurred, and that no adverse developments affecting the financial condition of the Project Sponsor or its ability to complete the Project or to pay the Loan plus interest thereon have occurred since the date of this Agreement unless specifically disclosed in writing by the Project Sponsor in the request for disbursement. Unless the Authority is notified to the contrary, such affirmations shall continue thereafter.

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

3.1.1 The Project Sponsor should not execute construction contracts or issue the notice to proceed with respect to the Project prior to receiving written approval from the Department to award construction contracts.

3.1.2 The Project Sponsor shall provide and maintain competent and adequate engineering supervision and continuous inspection of the Project to ensure that the construction conforms with the plans and specifications approved by the Department. A monthly inspection report shall accompany each disbursement request.

3.1.3 The Project Sponsor shall cause the Scope of Work identified in Appendix "A" to be completed pursuant to the Project Schedule also defined in Appendix "A" hereto. The Project Sponsor shall require all contractors to satisfactorily complete all work within the time stated in the executed construction contract. Extension of any contract completion date requires the Department's approval. Any costs incurred as a result of a time extension which has not received approval by the Department shall not be eligible for Loan participation.

3.1.4 The Project Sponsor shall pay all costs to complete the Project not covered by the Loan and commits itself to complete the construction of the operable treatment works and to complete the treatment system of which this Project is a part.

SECTION 3.2. Disbursements. The Project Sponsor shall receive and promptly disburse the funds to be provided hereunder as trust funds for the purpose of paying the eligible costs of the Project and for no other purpose.

SECTION 3.3. Release of Responsibility. The Project Sponsor shall undertake the Project on its own responsibility and, to the extent permitted by law, shall release and hold harmless the Authority, the Department, the State and their officers, members and employees from any claim arising in connection with the design, construction or operation of the Project or any other aspect of the System including any matter due solely to their negligence.

SECTION 3.4. Other Agreements. The Project Sponsor shall comply with all terms and conditions of any construction contracts, architectural or engineering agreements, trust indentures, security deeds, promissory notes, loan agreements, or the like affecting the Project, the premises of the System and its operation. The Project Sponsor shall require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract. The requirement of such bonds shall be for the convenience of the Authority only and shall not be an undertaking by the Authority to the Project Sponsor or any third party.

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and System in accordance with generally accepted accounting principles (GAAP), including financial, statistical, property, and supporting documentation. All accounting records shall be kept using GAAP accounting, and applying all relevant Government Accounting Standards Board (GASB) pronouncements, including GASB Statement No. 34 relating to the reporting of infrastructure assets.

3.5.2. Audit. Within six (6) months of the end of each fiscal year of the Project Sponsor, the Project Sponsor shall tender to the Authority an annual financial audit by a certified public accountant. The conduct of the audit and the audit shall be in accordance with Generally Accepted Auditing Standards as defined in Government Auditing Standards, Comptroller General of the United States, December 1, 2011, and revisions, updates or successors thereto.

SECTION 3.6. Ratings from Rating Agencies. If the Reserve Requirement, as defined in Section 4.2.1 herein, is initially, or at any time during the term of the Loan, set at a level that is less than the maximum amount due on the Note during any full calendar year, the Project Sponsor shall submit to the Authority a copy of its latest long-term, unenhanced underlying rating, affirmation thereof, and any new or updated credit report on the System and/or any Parity Debt, as defined in Section 4.3.2 herein, from S&P Global Ratings, or its respective successors and assigns, ("**S&P**") or Moody's Investors Service, Inc., or its respective successors and assigns, ("**Moody's**"), and from each, if both S&P and Moody's issued ratings. Additionally, the Project Sponsor shall immediately notify, and submit to, the Authority any commentaries, updated outlooks/reports, CreditWatch placements, ratings changes or downgrades, or other actions from S&P and/or Moody's with respect to the System and/or any Parity Debt.

SECTION 3.7. Insurance. The Project Sponsor covenants and agrees that so long as any amount remains unpaid on the Note:

(A) It will insure and at all times keep the portion of the System located above ground insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in an amount equal to the replacement cost of the Project;

(B) It will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the Project Sponsor against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System;

(C) All insurance policies shall be open to the inspection of the Authority at any reasonable time; and

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied

to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the General Revenue Fund established pursuant to the Bond Resolution.

SECTION 3.8. Compliance with Governmental Authority. The Project Sponsor shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project or the System.

SECTION 3.9. Adequate Rates. The Project Sponsor shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System as shall be sufficient to meet the requirements of this Agreement, and the Project Sponsor specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

3.9.1. To provide for the punctual payment of the principal of and interest on the Note and any other indebtedness of the Project Sponsor payable from revenues of the System that may from time to time hereafter be outstanding;

3.9.2. To maintain any Debt Service Reserve Fund required by this Agreement in accordance with the provisions hereof;

3.9.3. To provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order;

3.9.4. To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order; and

3.9.5. To discharge all other obligations imposed by the Act, by this Agreement and by the Bond Resolution.

The Project Sponsor further covenants and agrees that it shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System which, together with other income, are reasonably expected to yield Gross Revenues in each fiscal year in at least the amount necessary to equal 100% of all amounts required for Sections 3.9.2 through 3.9.5 and annual Net Earnings, as defined in the Bond Resolution, in any fiscal year equal to the greater of (i) one hundred ten percent (110%) of the annual principal and interest on all debt paid from or secured by revenues of the System; or (ii) such other percentage of the annual principal and interest on all debt secured by revenues of the System as the Project Sponsor shall have covenanted that its Net Earnings would meet with respect to other outstanding indebtedness and obligations of the System.

SECTION 3.10. Review of Rates. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will review the adequacy of its rates and charges to comply with the

requirements of this Agreement promptly upon any material changes in circumstances, but not less frequently than once in each fiscal year of the Project Sponsor. The Project Sponsor shall submit any adjustments to its rates and charges to the Authority immediately upon adoption.

SECTION 3.11. Disclosure of Events to Authority. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will submit to the Authority event specific information within thirty (30) days of an event adversely affecting more than five (5) percent of revenues of the System and any other information which is otherwise required to be released to a municipal bond information repository service. Failure to timely submit such information shall not be deemed an event of default under the Bond Resolution or this Agreement.

SECTION 3.12. Procurement Requirements. The Project Sponsor shall comply with all procurement requirements of law and, to the extent compliance herewith does not contravene any provision of law applicable to the Project Sponsor, shall comply with the procurement requirements set forth in Appendix "C" hereto.

SECTION 3.13. Inspection and Information. On reasonable notice, the Authority or the Department shall have for its own convenience and benefit and without obligation to the Project Sponsor or any third party, the right to audit the books and records of the Project Sponsor as they may pertain to or affect the System and this Agreement and to enter upon the premises to inspect the Project. The Project Sponsor shall cause its architects, engineers, contractors, and auditors to cooperate during such inspections including making available any documents, records, reports or other materials pertinent to the Project and the inspection. The Project Sponsor shall comply with all reasonable requests by the Authority or the Department for information pertaining to the Project Sponsor's compliance with this Agreement.

SECTION 3.14. Consent to Changes. Without consent of the Authority and Department, the Project Sponsor shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project or the System. The Project Sponsor shall not divide the Project into component projects in order or in effect, so as to defeat the provisions of this Agreement. The Project Sponsor covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, mortgage or otherwise encumber the Project, the System or the revenues derived therefrom during the term of this Agreement, except as provided for herein or in the Bond Resolution, without the express prior written approval of the Authority.

SECTION 3.15. Additional Covenants. The Project Sponsor further covenants and agrees that:

3.15.1. Neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for herein or in the Bond Resolution;

3.15.2. It will permit no free service to be rendered, or use to be made of the services and facilities of the System and for the services and facilities of the System used by the Project Sponsor, the

reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the Project Sponsor shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

3.15.3. It will permit no customer to be connected to the System, or to receive any service afforded by the System, unless such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force; and

3.15.4. So long as any amount due with respect to the Note is unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State, and the Project Sponsor hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner authorized herein or in the Bond Resolution and, except as permitted by the Bond Resolution, it will not sell, lease or dispose of any portion of the System, necessary or useful, and the Project Sponsor further obligates itself and covenants and agrees with the Authority to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Agreement.

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ARTICLE IV
ESTABLISHMENT OF FUNDS AND
DISPOSITION OF REVENUES

SECTION 4.1. Establishment of Gross Revenue Fund, Debt Service Fund, and Operation and Maintenance Fund. Beginning on the first day of the month following the delivery of the Note, except with respect to the Debt Service Fund, and continuing until all amounts due with respect to the Note have been paid in full, the following funds shall be established and maintained:

4.1.1. The Project Sponsor shall establish a Gross Revenue Fund, defined as the General Revenue Fund in the Bond Resolution, into which shall be placed all receipts, income and revenue that the Project Sponsor shall derive, directly or indirectly, from the ownership of the System. Moneys in the Gross Revenue Fund may be withdrawn on order of the Project Sponsor but shall be made use of only in the manner and in the order of priority specified in the Bond Resolution and in Section 4.3 hereof.

4.1.2. Beginning in the month of the Payment Maturity Date, the Project Sponsor shall provide for the establishment of a Series 2023A Debt Service Fund (the "*Debt Service Fund*") as a means of providing for the payment of the principal and interest on the Note as the same shall fall due. Moneys in the Debt Service Fund shall be used solely to pay the principal of and interest on the Note, and for no other purpose. The Debt Service Fund shall be kept in the complete custody and control of the Trustee, as defined in Section 4.4 herein and as established under the Bond Resolution. Withdrawals from the Debt Service Fund shall be made only by the Trustee who shall transmit to the Authority the sums required to pay principal and interest on the Note.

4.1.3. The Project Sponsor shall establish an Operation and Maintenance Fund in order to provide for the payment of all expenses incurred in connection with the administration and operation of the System, and such expenses may be reasonably necessary to preserve the System in good repair and working order.

4.1.4. In the event the Project Sponsor shall have established funds analogous to, or serving the purpose of, the funds required to be established by this Article IV, such funds may be continued and employed for the purposes of this Agreement, and the Project Sponsor shall not be required to establish duplicate funds.

SECTION 4.2. Establishment and Funding of Debt Service Reserve Fund.

4.2.1. Based on the Project Sponsor's receipt of a long-term underlying rating on the System and/or any Parity Debt in at least the "A" category from S&P or Moody's respectively, and from each, if both S&P and Moody's issued ratings, and the submission of such with its Loan application to the Authority, the Debt Service Reserve Fund requirement with respect to the Note (the "*Reserve Requirement*") shall initially equal zero and shall continue to be zero subject to provisions of the

following Section 4.2.2. At such time as the Reserve Requirement is greater than zero as provided in Section 4.2.2, the Project Sponsor shall fund a Series 2023A Debt Service Reserve Fund (the "**Debt Service Reserve Fund**") to provide a reserve for payment of principal of and interest on the Note.

4.2.2. (a) The Reserve Requirement shall continue to be zero if the Project Sponsor fully complies with all requirements of Section 3.6 herein for submitting S&P/Moody's ratings/affirmations/credit reports and for immediately providing any other rating agency actions related to the System and/or any Parity Debt, and all such ratings are maintained in at least the "A" category.

(b) If there is no longer any current rating or if either the S&P or Moody's rating is downgraded below the "A" category, the Reserve Requirement shall immediately increase to the maximum annual amount due on the Note, and the Project Sponsor shall meet the new requirement within one year through twelve (12) equal monthly deposits, beginning in the month following any such downgrade or loss of the rating for the System and/or any Parity Debt.

(c) In the event the Reserve Requirement is ever increased as provided in Section 4.2.2 (b) above due to a ratings downgrade or loss and the credit rating is subsequently upgraded to the level established in Section 4.2.2 (a), then the Reserve Requirement shall revert to zero and any excess money in the Debt Service Reserve Fund shall be applied as provided in Section 4.4.3 hereof.

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes.

4.2.4. Prior to the delivery of this Agreement to the Authority, the Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.1, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement. In the event that the Reserve Requirement shall increase due to an increase in the Loan Amount pursuant to Section 1.4.2(c), the Project Sponsor shall immediately deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.2, funds in an amount equal to such increase in the Reserve Requirement.

SECTION 4.3. Disposition of Revenues. All revenues derived from the operation of the System shall be deposited in the Gross Revenue Fund. Beginning in the month following the delivery of this Agreement with respect to payments pursuant to Sections 4.3.1 and 4.3.3 to 4.3.6, inclusive, and beginning in the month of the Payment Initiation Date with respect to payments pursuant to Section 4.3.2, withdrawals from the Gross Revenue Fund shall be made each month in the following order of priority:

4.3.1. There shall be deposited into the Operation and Maintenance Fund that sum which has been currently determined by the Project Sponsor to be the cost of operating and maintaining the System for the next ensuing month and any amount required for an operational reserve.

4.3.2. The monthly fraction of the next payment of principal and interest to become due on the Note on the next succeeding payment date shall be deposited in the Debt Service Fund. Simultaneously with making the monthly deposit in the Debt Service Fund required by this Section 4.3.2, the Project Sponsor shall deposit (a) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2015A (the "**2015A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2015A Revenue Bonds; (b) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-175-16-370-67 from the Fund (the "**2016A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016A Revenue Bond; (c) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-176-16-370-66 from the Fund (the "**2016B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016B Revenue Bond; (d) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bond, Series 2017A (the "**2017A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017A Revenue Bond; (e) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-194-17-370-69 from the Fund (the "**2017B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017B Revenue Bond; (f) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-195-17-370-85 from the Fund (the "**2017C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017C Revenue Bond; (g) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bonds, Series 2018A (the "**2018A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2018A Revenue Bonds; (h) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-205-18-370-97 from the Fund (the "**2019A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019A Revenue Bond; (i) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-206-18-370-84 from the Fund (the "**2019B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019B Revenue Bond; (j) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-211-18-370-99 from the Fund (the "**2019C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019C Revenue Bond; (k) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-226-20-370-98 from the Fund (the "**2020B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2020B Revenue Bond; (l) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2020C (the "**2020C Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020C Revenue Bonds; (m) in a fund for the

payment of amounts due with respect to the Project Sponsor's Federally Taxable Sewer System Refunding Revenue Bonds, Series 2020D (the "**2020D Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020D Revenue Bonds; (n) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-236-20-370-107 from the Fund (the "**2021A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021A Revenue Bond; (o) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-239-21-370-105 from the Fund (the "**2021B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021B Revenue Bond; and (p) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bond, Series 2022A (the "**2022A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2022A Revenue Bond; (q) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-260-23-370-101 from the Fund (the "**2023B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023B Revenue Bond; (r) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-261-23-370-108 from the Fund (the "**2023C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023C Revenue Bond; (s) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number 1-262-23-370-111 from the fund (the "**2023D Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023D Revenue Bond (t) into a fund or funds for the payment of amounts due with respect to any obligations of the Project Sponsor (the "**Obligations**") secured by a pledge of revenues on a parity with the pledge securing the Note, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, the 2022A Revenue Bond, the 2023B Revenue Bond, the 2023C Revenue Bond, and the 2023D Revenue Bond, the monthly fraction or fractions of the next payment or payments due on any such Obligation or Obligations. The 2012 Revenue Bonds, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond, the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, 2022A Revenue Bond, the 2023B Revenue Bond, the 2023C Revenue Bond, the 2023D Revenue Bond, and the Obligations are hereinafter sometimes referred to as "**Parity Debt**". In the event amounts available for payments into the funds with respect to the Note and all Parity Debt are not sufficient to make all payments then required to be made, such available amounts shall be deposited into such funds on a pro rata basis.

4.3.3. (a) In the event any amounts shall be withdrawn from the Debt Service Reserve Fund in order to provide for payment of any amounts due with respect to the Note, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount of any such withdrawal and such deposits with respect to any such withdrawal shall begin in the month following such withdrawal and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(b) In the event the Reserve Requirement for the Debt Service Reserve Fund is increased pursuant to any provision of Section 4.2.2 herein, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount necessary to fully meet the Reserve Requirement, and such deposits shall begin in the month following a ratings downgrade or loss and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal such increased Reserve Requirement.

(c) If the value of the Debt Service Reserve Fund is ever less than the Reserve Requirement, other than as provided in (a) or (b) above, or as provided in Section 4.2.4 with respect to any increase in the Loan Amount, there shall be deposited in the Debt Service Reserve Fund not less than one-fourth (1/4) of an amount equal to the total Reserve Requirement deficiency, beginning in the month following such a determination. Such deposits shall continue to be made until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(d) Nothing in this Section 4.3.2 (a), (b) or (c) shall preclude the Project Sponsor from fully funding the Reserve Requirement in a more timely fashion than so prescribed.

4.3.4. If, in any month for any reason, the Project Sponsor shall fail to pay all or any part of the money it has herein agreed to pay into said Debt Service Fund or Debt Service Reserve Fund, the amount of any such deficiency shall be added to and shall become a part of the amount due and payable into said Debt Service Fund or Debt Service Reserve Fund in the next succeeding month.

4.3.5. Provision shall then be made for payment of interest on amounts advanced by the provider of any DSRF Funding Instrument, as defined in the Bond Resolution.

4.3.6. Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Note and all Parity Debt in the order of priority contemplated by the proceedings authorizing their issuance.

4.3.7. Any revenues remaining after the foregoing deposits have been made shall be disposed of for any lawful purpose in such manner as the Project Sponsor shall from time to time determine.

SECTION 4.4. Concerning the Debt Service Fund and the Debt Service Reserve Fund. The Debt Service Fund created pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund created pursuant to Section 4.2 hereof shall be established with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (the "*Trustee*") chosen by the Project Sponsor with the written approval

of the Authority. The Debt Service Fund and the Debt Service Reserve Fund, if required to be funded, shall be held and administered by the Trustee in accordance with the provisions of the Bond Resolution and the following provisions of this Section 4.4. The Trustee shall acknowledge and accept its duties and responsibilities with respect to the Debt Service Fund and the Debt Service Reserve Fund, if funded, in one or more written instruments delivered to the Authority with this Agreement.

4.4.1. The Trustee shall notify the Authority in writing of the date of the initial amount deposited into the Debt Service Fund for purposes of the Note, and the initial amount deposited for the Debt Service Reserve Fund, if required to be funded. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the Debt Service Fund or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. If the Reserve Requirement is greater than zero, the Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the Debt Service Fund by the Project Sponsor, the Trustee shall transmit to the Authority an electronic fund transfer or check made payable to "Office of Local Government - SRF" in the amount, and at the time, required by the Agreement and Note. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is zero, the Trustee shall immediately notify the Project Sponsor of the amount to be transmitted to the Trustee for the payment then due. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is greater than zero, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, any money in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the direction of the Project Sponsor in Authorized Investments, as defined in the Bond Resolution. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess shall, at the direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve Fund and deposited into the Gross Revenue Fund.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the Debt Service Fund and the Debt Service Reserve Fund, if funded, to the Project Sponsor upon the

receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

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ARTICLE V
EVENTS OF DEFAULT

SECTION 5.1. Events of Default. The following occurrences shall constitute Events of Default hereunder:

(A) The Project Sponsor fails to comply with any of the covenants, terms and conditions made in this Agreement;

(B) The Project Sponsor fails to pay any amount due on the Note at the time and in the manner provided in the Note and this Agreement;

(C) Any representation, warranty or statement made by the Project Sponsor in this Agreement or in connection with it or the Loan shall be or become untrue, incorrect or misleading in any material respect;

(D) The Project Sponsor makes an assignment for benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions for appointment of a receiver or trustee for any substantial part of its property or is the subject of such a petition or commences or has commenced against it or its property (a) any similar proceeding under any bankruptcy law or other debtor-relief or similar law or (b) any foreclosure of any mortgage or similar instrument or a trust indenture or like instrument;

(E) Dissolution of the existence of the Project Sponsor;

(F) Construction of the Project is not carried out with reasonable dispatch, ceases and is not resumed for forty-five (45) days or more abandoned; and

(G) The Authority reasonably suspects the occurrence of any default or Event of Default by the Project Sponsor, and following request by the Authority, the Project Sponsor fails to provide evidence reasonably satisfactory to the Authority that such default or Event of Default has not in fact occurred.

ARTICLE VI

REMEDIES

SECTION 6.1. Acceleration. Upon the occurrence of an Event of Default, the principal balance of the Note may be declared immediately due and payable in the manner prescribed by and in accordance with the terms of the Bond Resolution. In such event, there shall be due and payable on the Note an amount equal to the total principal amount outstanding on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment.

SECTION 6.2. Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, and subject to the limitations of the Bond Resolution, the Authority may proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to

(A) Requiring the Project Sponsor to carry out its duties and obligations under the terms of this Agreement and under the Act;

(B) Suit upon all or any part of the Note;

(C) Civil action to require the Project Sponsor to account as if it were the trustee of an express trust for the Authority;

(D) Civil action to enjoin any act or thing which may be unlawful or in violation of the rights of the Authority; and

(E) Enforcement of any other right of the Authority including the right to make application for the appointment of a receiver to administer and operate the System.

SECTION 6.3. Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 6.4. Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Project Sponsor shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII

SECURITY

SECTION 7.1. Pledge of Revenues. For the payment of the Note and as security for its other obligations under this Agreement, the Project Sponsor hereby grants to the Authority a pledge of, and lien upon, that portion of the Gross Revenues of the System (as defined in the Bond Resolution) as shall remain after payment of all Operation and Maintenance Expenses. Such pledge and lien upon the revenues shall be on a parity in all respects to the pledge and lien securing any Parity Debt and shall at all times and in all respects be and remain superior to any pledges made to secure any other obligations of the Project Sponsor payable from the revenues of the System except to the extent otherwise agreed to in writing by the Authority. Parity Debt may be issued only in compliance with Article IV of the Bond Resolution or, if the Bond Resolution is no longer in effect, only with the prior written approval of the Authority.

SECTION 7.2. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to the provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

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ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 8.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in a National Pollutant Discharge Elimination System permit (the "*NPDES Permit*"). It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

SECTION 8.2. Standard Conditions. The Project Sponsor acknowledges and agrees to comply with the following Federal and/or State requirements:

(A) The Project Sponsor shall provide access to the Project work whenever it is in preparation or progress and provide proper facilities for access and inspection. The Project Sponsor shall allow the Regional Administrator of the Environmental Protection Agency, the Comptroller General of the United States, the Department and the Authority, or any authorized representative to have access to any books, documents, plans, reports, papers, and other records of the contractor which are pertinent to the Project for the purpose of making audit, examination, excerpts, copies, and transcriptions.

(B) Pursuant to requirements of the Federal Water Pollution Control Act, as amended on June 10, 2014 (the "*Federal Act*"), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act. See Attachment #1.

(C) The Project Sponsor shall not presently be debarred for noncompliance with Federal Law and shall not award contracts to any firm that is presently debarred for noncompliance with Federal Law where the contract amount equals or exceeds the federal small purchase procurement threshold.

(D) The Project shall comply with "American Iron and Steel" provisions, as set forth in the Federal Act and related American Iron and Steel implementation guidance, requiring that all of the iron and steel products used in the Project be produced in the United States unless a waiver is granted by the U.S. Environmental Protection Agency. The Project Sponsor shall require all bidders to comply with the American Iron and Steel provisions.

(E) Pursuant to requirements of Section 603(d)(1)(E) of the Federal Act, the Project Sponsor of a project involving the repair, replacement or expansion of a publicly owned treatment works shall develop and implement a fiscal sustainability plan ("*FSP*") or certify that it has developed and implemented such a plan. Sponsors with an existing and implemented FSP shall certify to that effect before the loan closing date. Sponsors developing an FSP must submit a certification that an FSP has been developed, and will be implemented, by the date of the final loan disbursement.

ARTICLE IX
GENERAL CONDITIONS

SECTION 9.1. No Waiver. No disbursements shall waive any provision of this Agreement or the Note or preclude the Authority from declaring a default if the Project Sponsor is unable to satisfy any such provisions or perform hereunder.

SECTION 9.2. Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority.

SECTION 9.3. Evidence. Any condition of this Agreement which requires a submission of evidence of the existence or nonexistence of facts shall imply as a condition the existence or nonexistence, as the case may be, of such fact or facts, and the Authority shall at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or nonexistence.

SECTION 9.4. No Beneficiaries. All conditions of the obligations of the Authority to make disbursements are imposed solely and exclusively for its benefit, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of such compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

SECTION 9.5. Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the convenience of the Authority and Department only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority or Department of responsibility for design or construction.

SECTION 9.6. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other party hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to the Project Sponsor:

Renewable Water Resources
561 Mauldin Road
Greenville, South Carolina 29607

Attention: Chief Executive Officer

If to the Authority:

South Carolina Water Quality Revolving Fund
Authority
c/o Office of Local Government - SRF
South Carolina Rural Infrastructure Authority
1201 Main Street
Suite 1600
Columbia, South Carolina 29201

Attention: Patricia A. Comp

Each party may notify the other by the same process of any change of such address. Loan requests and disbursements and other routine loan administration may be conducted by regular mail.

SECTION 9.7. No Joint Venture, Etc. The Authority is not a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Project Sponsor. The Authority shall not be in any way liable or responsible by reason of the provisions hereof, to the Project Sponsor or any third party, for the payment of any claims in connection therewith.

SECTION 9.8. Assignment. This Agreement may not be assigned by the Project Sponsor without the prior written consent of the Authority. The Authority may assign the Note and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

SECTION 9.9. Entire Agreement. This Agreement and the Note contain the entire terms of this Agreement and transaction. They may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

SECTION 9.10. Continuity. This Agreement shall be binding upon the legal representatives, successors and assigns of each party and shall inure to their benefit; provided, however, that nothing herein said shall be deemed to limit any restriction on assignment imposed upon the Project Sponsor.

SECTION 9.11. South Carolina Contract. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

SECTION 9.12. Limitations on Remedies by Project Sponsor. No action shall be commenced by the Project Sponsor against the Authority for any claim under this Agreement unless notice thereof specifically setting forth the claim shall have been given to the Authority within thirty (30) days after the occurrence of the event or omission which the Project Sponsor alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim. Liability of the Authority to the Project Sponsor for any breach of the terms of this Agreement shall not exceed a sum equal to the amount which the Authority shall have failed to disburse in consequence of a breach by the Authority of its obligations under this Agreement. Upon the making of any such payment by the Authority to the Project Sponsor, it shall be treated as a disbursement under this Agreement.

SECTION 9.13. Counterparts. This Agreement is executed in two counterparts, which are separately numbered, but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

SECTION 9.14. Appendices. The appendices attached to this Agreement are a part of it.

SECTION 9.15. Special Conditions. The Statements of Special Conditions in Appendix "D" shall govern the matters they address.

SECTION 9.16. Time of Essence. Time is of the essence of this Agreement.

SECTION 9.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

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IN WITNESS WHEREOF, the Project Sponsor and the Authority have caused these presents to be signed, sealed and delivered all as of the date hereof.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

(SEAL)

By: _____

Name: _____

Title: _____

Attest:

Its: _____

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SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____

Bonnie Ammons, Director,
Office of Local Government,
South Carolina Rural Infrastructure Authority

SCOPE OF WORK

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Odor Control Improvements

Loan Number: X1-257-22-370-113

Construction of new odor control facilities including the addition of aluminum covers on three existing processing tanks, two biotrickling filter systems and associated piping necessary for a complete odor control system.

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PROJECT BUDGET

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Odor Control Improvements

Loan Number: X1-257-22-370-113

<u>ITEM</u>	<u>CWSRF LOAN</u>	<u>TOTAL ELIGIBLE COSTS</u>
Planning and Design Engineering	\$ 683,000	\$ 683,000
Legal and Appraisal Fees	50,000	50,000
Construction	7,134,000	7,134,000
Construction Contingency	100,000	100,000
Construction Inspection and Engineering	<u>279,000</u>	<u>279,000</u>
Total	\$ 8,246,000	\$ 8,246,000

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SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Odor Control Improvements

Loan Number: X1-257-22-370-113

ACTION

DATE

Bid Opening

June 24, 2022

Contract Execution

September 13, 2022

Notice to Proceed

October 5, 2022

Start of Construction

October 8, 2022

DHEC Permit to Operate

February 26, 2024

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SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Odor Control Improvements

Loan Number: X1-257-22-370-113

Loan Amount: \$8,246,000

Payment Initiation Date: March 1, 2024

Interest Rate: 1.50% per annum

First Payment Due Date: June 1, 2024

- (1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check or electronic funds transfer for each disbursement and accrued interest only shall be due on the Payment Initiation Date.
- (2) Repayment of the principal and interest shall be in 80 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.
- (3) Repayment shall be in 79 equal installments in the amount of One Hundred Nineteen Thousand Four Hundred Ninety-Nine and 86/100 Dollars (\$119,499.86) each, followed by one final installment in the amount of One Hundred Nineteen Thousand Four Hundred Ninety-Nine and 97/100 Dollars (\$119,499.97).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Odor Control Improvements

Loan Number: X1-257-22-370-113

Loan Amount: \$8,246,000

.35% Loan Closing Fee: \$28,861

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents. Such fee is not reimbursable through the Loan.

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SUBJECT TO REVISION PRIOR TO CLOSING

Project Sponsor: Renewable Water Resources

Loan Number: X1-257-22-370-113

PROCUREMENT REQUIREMENTS

Recycled Funds

- I. Prior to construction contract award, the Project Sponsor shall:
- A. Advertise the Project for a minimum of thirty (30) days in advance of bid opening using at least one of the following methods:
 - 1. Local newspapers of general circulation.
 - 2. Statewide or regional newspapers of general circulation.
 - 3. The South Carolina Business Opportunities (S-CBO).
 - B. Modify bid documents only by written addenda which require prior Department approval.
 - C. Hold a public bid opening.
 - D. Utilize competitive sealed construction bids.
 - E. Require at least a five percent (5%) bid bond or certified check.
 - F. Require one hundred percent (100%) payment and performance bonds.
 - G. Require the contractor, during construction, to provide fire, extended coverage, vandalism and malicious mischief insurance equal to the actual value of the insured property.
 - H. Follow, and require the prime contractor to follow, Davis-Bacon and Related Acts provisions.
 - I. Follow, and require the prime contractor to follow, American Iron and Steel Provisions.
 - J. If other funding sources are included which have stricter bidding requirements or if applicable Federal, State or local laws or ordinances have stricter requirements, these stricter requirements govern.
 - K. After bid opening, provide the Department with the following:
 - 1. Project Construction Summary For Recycled Projects (DHEC Form #1295).
 - 2. A certified copy of the advertisement with date(s) of publication.
 - 3. Detailed bid tabulation certified by Project Sponsor's engineer.
 - 4. Proposal of successful bidder(s).
 - 5. Bid bond with associated Power of Attorney.
 - 6. Engineer's award recommendation of low bidder(s) to Project Sponsor. If the award is recommended to other than the low bidder(s), provide justification for decision.
 - 7. Certified copy of Project Sponsor's tentative award resolution listing the proposed contractor(s) and contractor amount(s).
 - 8. Davis-Bacon wage rate(s) used in bidding the project.
 - 9. A copy of the proposed prime contractor's Bidders American Iron and Steel Certification (DHEC Form 2556).
 - 10. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$25,000.

11. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.
 - L. Receive Department approval to award the construction contract(s).
- II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
- A. Executed contract documents.
 - B. Notice to Proceed.
 - C. Monthly Construction Inspection Reports.
 - D. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
 - E. American Iron and Steel Certification (DHEC Form #0962) with each draw request.
- III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
- A. Need for the change.
 - B. Clear description of the change.
 - C. Cost and pricing data.
 - D. Documentation of negotiation.
 - E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

DRAFT

SPECIAL CONDITIONS

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Odor Control Improvements

Loan Number: X1-257-22-370-113

None.

DRAFT

STATE OF SOUTH CAROLINA
COUNTIES OF GREENVILLE, ANDERSON,
LAURENS, AND SPARTANBURG

**PROMISSORY NOTE TO SOUTH CAROLINA
WATER QUALITY REVOLVING FUND AUTHORITY FOR
SOUTH CAROLINA WATER POLLUTION CONTROL
REVOLVING FUND LOAN**

RENEWABLE WATER RESOURCES, SOUTH CAROLINA
SEWER SYSTEM REVENUE BOND, SERIES 2023A

FOR VALUE RECEIVED, Renewable Water Resources, South Carolina (the "*Project Sponsor*") promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Loan Agreement (the "*Agreement*"), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number X1-257-22-370-113, Lower Reedy Water Resource Recovery Facility Major Control Improvements, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "B" to the Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

The Project Sponsor may prepay the outstanding principal balance of this Note in whole or in part, together with any accrued interest thereon, at any time without penalty or premium; all such prepayments shall be applied against principal installments due on this Note in the inverse order of the maturity dates thereof.

All payments of principal and interest shall be made in money of the United States at the office of the Authority in Columbia, South Carolina, or at such place as the Authority may designate in writing, and shall be made in funds immediately available in Columbia, South Carolina.

The Project Sponsor agrees to pay at the time any such late payment hereunder is made a late charge of three percent (3%) of any payment not made on or before the tenth day of the month in which

such payment is due. Interest which accrues after maturity of this Note or after its earlier acceleration shall be due and payable upon demand.

Payments shall be applied first to any late charge, then to interest, then to principal. There is no intent for any payment to exceed any legal limit on interest, if any such legal limit applies. If an excess sum occurs, it shall be applied to principal unless the Project Sponsor elects its return in writing.

If the Project Sponsor fails to make any payment of principal or interest within thirty (30) days of the date when due, or if the Project Sponsor defaults in the performance of any of the terms, covenants or conditions of any agreement or other documents concerning this Note, including without limitation the Agreement, the Authority may declare the principal of this Note and all unpaid interest accrued on it to be due and payable immediately, without prior notice or demand to the Project Sponsor.

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payments. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 7.2 of the Agreement relating to additional security for payment of amounts due on this Note.

The Project Sponsor waives presentment for payment, demand, protest, and notice of non-payment. Neither a failure to accelerate for default nor acceptance of a past due installment shall be a novation of this Note or constitute a waiver of the right to insist upon strict compliance with it and any related agreements and documents.

The Project Sponsor shall pay all costs of collection, including but not limited to reasonable attorney's fees if the Authority endeavors to collect this Note in any manner through an attorney at law. The rights and remedies of the Authority provided in this Note are cumulative and not exclusive of any other rights and remedies afforded the Authority by law or by any other document.

This Note shall be governed by and construed and interpreted in accordance with the laws of the State of South Carolina.

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this _____ day of _____, 2023.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

[SEAL]

By: _____

Typed Name: _____

Title: _____

Attest:

Its: _____

DRAFT

CERTIFICATE OF AUTHENTICATION

This Promissory Note is the obligation issued pursuant to the Project Sponsor's Bond Resolution adopted on June 14, 2010, as authorized by the Project Sponsor's Series Resolution adopted on _____, 2023.

U. S. BANK NATIONAL ASSOCIATION, REGISTRAR

By: _____, Authorized Officer

Typed Name: _____

**Davis-Bacon Wage Rates Required Under Federal Clean Water Act
For Subrecipients (Project Sponsors)**

1. Applicability of the Davis-Bacon (DB) Prevailing Wage Requirements

Under the Federal Clean Water Act, as amended on June 10, 2014, DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

- (a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.
- (i) While the solicitation remains open, the subrecipient shall monitor <http://sam.gov/> weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or superseding DOL takes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor <http://sam.gov/> on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- (b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from <http://sam.gov/> into the ordering instrument.
- (c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- (d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$2,000. Available from the Department.

4. Contract Provisions for Contracts in Excess of \$100,000

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$100,000. Available from the Department.

5. Compliance Verification

- DRAFT**
- (a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
 - (b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
 - (c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
 - (d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
 - (e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

**RENEWABLE WATER RESOURCES
M E M O R A N D U M**

May 22, 2023

TO: Board of Commissioners
FROM: Thomas Brooks, Controller
CC: Cathy Caldwell, CFO
SUBJECT: Series 2023B SRF Loan

On August 22, 2022, the Commission authorized the Agency to apply to the South Carolina Water Quality Revolving Fund Authority (the "State Authority") for a loan from the Fund for the FY19 Gravity Sewer and Manhole Rehabilitation Project for cured-in-place pipe lining of approximately 43,950 linear feet of existing 8-inch to 42-inch gravity sewer; various point and service lateral repairs as necessary; and rehabilitation of 66 manholes using specialized cementitious mortar products. On April 11, 2023, the State Authority conditionally approved the Loan. Details of the Series 2023B SRF loan are as follows:

Series	2023B
Project	FY19 Gravity Sewer and Manhole Rehabilitation
Principal	\$3,488,131
Closing Date	3/31/23
Term	80 quarterly installments commencing on March 1 st , 2024
Interest Rate	4.0%
Structure	Installment loan

Staff recommends that the Board adopt the 2023B Series Resolution authorizing the execution and delivery of the Loan Agreement and Note, and authorizing the execution and delivery by, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of the 2023B Series Resolution.

A SERIES RESOLUTION

APPROVING THE FINANCING OF SEWER SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING THREE MILLION FOUR HUNDRED EIGHTY-EIGHT THOUSAND ONE HUNDRED SIXTY-ONE DOLLARS (\$3,488,161) PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN RENEWABLE WATER RESOURCES, SOUTH CAROLINA AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM RENEWABLE WATER RESOURCES, SOUTH CAROLINA TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

2023B SERIES RESOLUTION

Adopted May 22, 2023

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**BE IT RESOLVED BY THE RENEWABLE WATER RESOURCES COMMISSION,
IN A MEETING DULY ASSEMBLED, AS FOLLOWS:**

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings of Fact.

Incident to the adoption of this series resolution (this “**2023B Series Resolution**”), the Renewable Water Resources Commission (the “**Commission**”), the governing body of Renewable Water Resources, South Carolina (the “**Issuer**”), has made the following findings:

(a) The Issuer is a special purpose district created by Act No. 362 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1925, as amended, and is empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina 1976, as amended (the “**Act**”) to: (i) undertake a wastewater treatment and disposal project as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C. §§1381 *seq.*; (ii) make application for and to receive assistance from the South Carolina Water Quality Revolving Fund Authority (the “**State Authority**”); (iii) comply with regulations relating to the receipt and disposition of money from the State Water Pollution Control Revolving Fund (the “**Fund**”) created by the Act; (iv) apply for and receive state grants; (v) enter into loan agreements; and (vi) comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, permits the incurrence of debt for the purpose of financing facilities for the furnishing of sewer treatment services and permits the securing of such indebtedness with a pledge of the revenues upon the system from which such revenues are derived.

(c) The Commission has determined that, in order for the Issuer to adequately serve its customers, it is necessary to undertake certain modifications and improvements to its sewer system (the “**System**”). The project consists of the design, construction, and equipping of the FY19 Gravity Sewer and Manhole Rehabilitation Project described in the hereinafter defined Loan Agreement (the “**Project**”). Upon completion, the Project will be a part of and will constitute a portion of the System.

(d) The Commission previously adopted a resolution authorizing an application to the State Authority for a loan from the Fund (the “**Loan**”).

(e) On April 18, 2023, the State Authority, upon review of the Issuer’s loan application, conditionally approved the Loan.

(f) The Loan is to be made and secured pursuant to a loan agreement between the Issuer and the State Authority (the “**Loan Agreement**”), the form of which is attached hereto as Exhibit A, and a promissory note executed and delivered by the Issuer, registered in the name of the State Authority (the “**Note**”), the form of which is attached as Appendix E to the Loan Agreement. Pursuant to the Loan Agreement, the Issuer will agree to use the proceeds of the Loan only to pay the actual eligible costs of the Project, and, if deemed prudent by the Issuer, capitalized interest on

the Note pursuant to the terms of the Loan Agreement; the Issuer will also agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. To secure its obligations, the Issuer will grant to the State Authority a pledge of, and a lien upon that portion of the Gross Revenues of the System (as defined in the Bond Resolution, which term is defined herein below) which remain after payment of all Operation and Maintenance Expenses (as defined in the Bond Resolution) (the “**Pledged Revenues**”). Upon any failure of the Issuer to make any payments to the State Authority pursuant to the Loan Agreement or the Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to provisions of the Act, such amount from the State appropriations to which the Issuer may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

(g) The Commission is adopting this 2023B Series Resolution in order to:

- (1) authorize the execution and delivery of, on behalf of the Issuer, the Loan Agreement and the Note;
- (2) evidence the approval of the Project and the Loan by the Commission; and
- (3) authorize the execution and delivery of, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project, in order to carry out the intent of this 2023B Series Resolution.

(h) The Commission has made general provision for the issuance of Sewer System Revenue Bonds of the Issuer by resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” dated June 14, 2010 (the “**Bond Resolution**”). This 2023B Series Resolution constitutes a Series Resolution under the Bond Resolution and the Note shall be considered a Series of Bonds under the Bond Resolution. Terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

(i) Pursuant to the Bond Resolution, the Issuer has Outstanding the following Series of Bonds (collectively, the “**Outstanding Bonds**”):¹

¹ It is anticipated that at the time of the Date of Issue of the Note, the Issuer will also have issued its: (i) not exceeding \$8,246,000 Sewer System Revenue Bond, Series 2023A (State Water Pollution Control Revolving Fund, Loan Number X1-257-22-370-113)(Lower Reedy Water Resource Recovery Facility Odor Control Improvements) (the “**2023A Bond**”); (ii) not exceeding \$10,778,231 Sewer System Revenue Bond, Series 2023C (State Water Pollution Control Revolving Fund, Loan Number X1-261-23-370-108)(Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2) (the “**2023C Bond**”); and (iii) not exceeding \$6,280,044 Sewer System Revenue Bond, Series 2023D (State Water Pollution Control Revolving Fund, Loan Number X1-262-23-370-111)(FY22 Gravity Sewer and Manhole Rehabilitation) (the “**2023D Bond**”, and together with the 2023A Bond and 2023C Bond, collectively, the “**2023 Bonds**”). The 2023 Bonds shall also be issued on a parity with the Note and the Outstanding Bonds.

- (1) the now outstanding \$4,520,000 principal amount of the \$13,465,000 original principal amount Sewer System Refunding Revenue Bond, Series 2015A, dated October 7, 2015;
- (2) the now outstanding \$3,779,633 principal amount of the \$4,572,731 final principal amount Sewer System Revenue Bond, Series 2016A (State Water Pollution Control Revolving Fund, Loan Number X1-175-16-370-67) (FY 15/16 Gravity Sewer and Manhole Rehabilitation), dated March 25, 2016;
- (3) the now outstanding \$11,703,261 principal amount of the \$13,807,197 final principal amount Sewer System Revenue Bond, Series 2016B (State Water Pollution Control Revolving Fund, Loan Number X1-176-16-370-66) (Richland Creek Trunk Sewer Improvements), dated March 25, 2016;
- (4) the now outstanding \$2,387,000 principal amount of the \$11,736,000 original principal amount Sewer System Refunding Revenue Bond, Series 2017A, dated March 14, 2017;
- (5) the now outstanding \$1,217,166 principal amount of the \$1,529,876 final principal amount Sewer System Revenue Bond, Series 2017B (State Water Pollution Control Revolving Fund, Loan Number X1-194-17-370-69) (FY 17 Gravity Sewer and Manhole Rehabilitation), dated December 4, 2017;
- (6) the now outstanding \$3,911,418 principal amount of the \$42,690,718 original principal amount Sewer System Revenue Bond, Series 2017C (State Water Pollution Control Revolving Fund, Loan Number 1-195-17-370-85) (Reedy River Basin Sewer Tunnel), dated December 4, 2017;
- (7) the now outstanding \$25,055,000 principal amount of the \$25,055,000 original principal amount Sewer System Revenue Bonds, Series 2018A, dated October 11, 2018;
- (8) the now outstanding \$1,047,169 principal amount of the \$1,242,265 final principal amount Sewer System Revenue Bond, Series 2019A (State Water Pollution Control Revolving Fund, Loan Number X1-205-18-370-97) (FY 18 Gravity Sewer and Manhole Rehabilitation), dated May 17, 2019;
- (9) the now outstanding \$14,081,848 principal amount of the \$15,343,433 final principal amount Sewer System Revenue Bond, Series 2019B (State Water Pollution Control Revolving Fund, Loan Number 1-206-18-370-84) (Lower Reedy Water Resource Recovery Facility Digester Capacity Evaluation and Improvements), dated May 17, 2019;
- (10) the now outstanding \$11,377,115 principal amount of the \$12,540,156 final principal amount Sewer System Revenue Bond, Series 2019C (State Water

Pollution Control Revolving Fund, Loan Number X1-211-18-370-99) (Rock Creek Interceptor Upgrade), dated May 17, 2019;

- (11) the now outstanding \$9,684,946 principal amount of the \$10,664,665 original principal amount Sewer System Revenue Bond, Series 2020B (State Water Pollution Control Revolving Fund, Loan Number X1-226-20-370-98) (Unity Park Trunk Sewer Improvements Project), dated May 19, 2020;
- (12) the now outstanding \$17,965,000 principal amount of the \$22,445,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020C, dated October 6, 2020;
- (13) the now outstanding \$7,355,000 principal amount of the \$23,730,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020D (Federally Taxable), dated October 6, 2020;
- (14) the now outstanding \$3,128,521 principal amount of the \$3,261,948 original principal amount Sewer System Revenue Bond, Series 2021A (State Water Pollution Control Revolving Fund, Loan Number X1-236-20-370-107) (Peppertree Pump Stations #1 and #2 Elimination Project), dated June 30, 2021;
- (15) the now outstanding \$2,193,960 principal amount of the \$2,187,570 original principal amount Sewer System Revenue Bond, Series 2021B (State Water Pollution Control Revolving Fund, Loan Number X1-239-21-370-105) (Simpsonville B Pump Station Elimination Project), dated June 30, 2021; and
- (16) the now outstanding \$120,000,000 principal amount of the \$120,000,000 original principal amount Sewer System Revenue Bond, Series 2022A (the "2022A Bond"), dated September 8, 2022.²

(j) The proceeds of the Loan secured by the Note are necessary to provide funds to be used and expended for the purpose of expanding and improving the System, which purposes are permitted by Section 4.01(A)(1) of the Bond Resolution. The Commission further specifies and determines as follows:

- (i) the period of usefulness of the System is not less than twenty-five (25) years.
- (ii) the Date of Issue of the Note shall be the date that the Note is executed and delivered as provided in Section 3.01 of this 2023B Series Resolution;
- (iii) the principal amount of the Note shall not exceed Three Million Four Hundred Eighty-Eight Thousand One Hundred Sixty-One Dollars (\$3,488,161), plus capitalized interest, if any; the exact principal amount (exclusive of capitalized interest) to be

² The 2022A Bond was issued as a variable rate draw down obligation that accrues interest only on principal advanced, from the date advanced. As of May 22, 2023, \$54,689,680 has been advanced.

determined at the final disbursement of the Loan by the State Authority and Section 4.01 herein;

(iv) the date of the final payment of principal of the Note shall be as set forth in the Loan Agreement and shall not exceed 20 years from the First Payment Due Date (as defined therein);

(v) the Note is to be issued for the purpose of providing funds to defray all or a portion of the costs of the Project;

(vi) the Note shall be designated “Renewable Water Resources, South Carolina Sewer System Revenue Bond, Series 2023B” and such designation may further include the loan number provided by the State Authority and a description of the purpose of the Loan;

(vii) the Note shall be sold to the State Authority in accordance with the Act;

(viii) the Note shall be numbered and lettered as provided in the form of the Note attached to the Loan Agreement;

(ix) the dates for payment of principal of the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(x) the Note shall bear interest at the rate set forth in the Loan Agreement per annum; the Note shall not be subject to any Interest Rate Swap Agreement;

(xi) the dates for payment of interest on the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(xii) the redemption prices and dates applicable to the Note shall be as set forth in the Loan Agreement and the Note;

(xiii) the Trustee (as defined in Section 2.03 herein) shall serve as Trustee, Paying Agent and Registrar for the Note;

(xiv) the Note shall be issued as a single term bond, payable by way of approximately equal, amortized payments as set forth in the Loan Agreement;

(xv) the Note, the form of which is attached as Appendix E to the Loan Agreement, shall be issued as a single bond in the denomination of the principal amount thereof;

(xvi) the Note shall not be issued in book-entry form as permitted by Section 4.18 of the Bond Resolution;

(xvii) the Reserve Requirement for the Note shall be as set forth in Section 3.02 hereof;

(xviii) the proceeds of the Note shall be applied as set forth in the Loan Agreement;

(xix) the Series 2023B Debt Service Fund shall be established as a Debt Service Fund under the Bond Resolution as set forth in Section 2.03 of this 2023B Series Resolution, but because the State Authority will hold the proceeds of the Note until such time as they are requisitioned for costs, no construction fund shall be established;

(xx) the Series 2023B Debt Service Reserve Fund shall be established as a Debt Service Reserve Fund under the Bond Resolution as set forth in Section 2.03 of this 2023B Series Resolution;

(xxi) the Issuer has not been notified of the occurrence of any Event of Default under the Bond Resolution, nor is it aware of any such occurrence; and

(xxii) none of the Outstanding Bonds have a Reserve Requirement.

* * *

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ARTICLE II

AUTHORIZATION OF THE LOAN AND ESTABLISHMENT OF FUNDS

Section 2.01 Authorization of Loan.

The Commission hereby authorizes the Issuer's acceptance of the Loan from the State Authority in an amount not exceeding \$3,488,161, plus capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement.

Section 2.02 Repayment of Loan by Issuer.

The Commission hereby authorizes the repayment of the Loan by the Issuer to the State Authority from the Pledged Revenues, or if said revenues are not sufficient, from state appropriations as the Issuer may become entitled to, pursuant to and in accordance with the provisions of the Loan Agreement and the Note.

Section 2.03 Establishment of Funds.

There shall be established by the Chief Financial Officer (as defined in the Bond Resolution and Section 4.01 herein) a Series 2023B Debt Service Fund and a Series 2023B Debt Service Reserve Fund, each to be held by U.S. Bank National Association, as Trustee (the "*Trustee*"), and maintained in accordance with the provisions of the Bond Resolution and the Loan Agreement.

ARTICLE III

**LOAN AGREEMENT AND NOTE; FUNDING THE
SERIES 2023B DEBT SERVICE RESERVE FUND**

Section 3.01 Authorization of Loan Agreement and the Note.

The Loan Agreement, in substantially the form attached hereto as Exhibit A, and the Note, in substantially the form attached to the Loan Agreement as Appendix E, with such changes as the Chairman of the Commission (the “**Chairman**”) shall approve (his execution to be conclusive evidence of such approval) are hereby approved, and the execution and delivery of the Loan Agreement and the Note on behalf of the Issuer are hereby authorized and directed. The Loan Agreement and the Note shall be dated as of the Date of Issue, which is expected to be not later than June 30, 2023; however, such Date of Issue may be subject to change in the sole discretion of the Chairman.

The Loan Agreement and the Note shall be executed on behalf of the Issuer by the Chairman or the Chief Executive Officer of the Issuer (the “**CEO**”), and attested by the Secretary/Treasurer of the Commission (the “**Secretary**”) or the Chief Financial Officer. In connection with the Loan, the CEO and the Chief Financial Officer are each expressly delegated authority to undertake all actions and approvals granted to the Chairman and the Secretary, respectively.

Section 3.02 Provision for Funding of the Series 2023B Debt Service Reserve Fund.

The Chief Financial Officer is hereby authorized to cause the satisfaction of such Reserve Requirement by funding the Series 2023B Debt Service Reserve Fund with cash or cash equivalents as authorized by the Bond Resolution and as further provided for in the Loan Agreement. If required to be funded, the Issuer, acting through the Trustee, will maintain the Reserve Requirement in accordance with the provisions of the Bond Resolution and the Loan Agreement.

* * *

ARTICLE IV

MISCELLANEOUS

Section 4.01 Other Instruments and Actions.

In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this 2023B Series Resolution and the agreements and actions herein authorized, the Chairman, the CEO, the Chief Financial Officer and the Secretary are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as the Chairman shall deem necessary or desirable. Additionally, the Chief Financial Officer is authorized to cause satisfaction of any such fees or expenses as may be required to close the Note. For the purposes herein and as defined in the Bond Resolution, the “*Chief Financial Officer*” is that employee of the Issuer holding the title of Chief Financial Officer.

Section 4.02 Resolution a Contract.

This 2023B Series Resolution shall constitute a contract between the Issuer and the State Authority, and shall be enforceable as such against the Issuer.

Section 4.03 Effective Date.

This 2023B Series Resolution shall become effective upon adoption by the Commission.

Section 4.04 Continuing Disclosure.

The Issuer covenants to file with the State Authority and with a central repository for availability in the secondary bond market when requested:

- (1) an annual independent audit, within thirty days of the Issuer’s receipt of the audit; and
- (2) event specific information within thirty (30) days of an event adversely affecting more than five percent of the Issuer’s customer base.

In the event the Issuer fails to comply with the requirements of this Section 4.04, the only remedy shall be an action of specific performance.

* * *

DONE, RATIFIED AND ADOPTED this 22nd day of May 2023.

**RENEWABLE WATER RESOURCES,
SOUTH CAROLINA**

(SEAL)

Chairman
Renewable Water Resources Commission

Attest:

Secretary/Treasurer
Renewable Water Resources Commission

DRAFT

EXHIBIT A

FORM OF THE LOAN AGREEMENT

DRAFT

LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

RENEWABLE WATER RESOURCES

Dated

_____, 2023

DRAFT

relating to

FY19 Gravity Sewer and Manhole Rehabilitation

South Carolina Water Pollution Control Revolving Fund

Loan Number: X1-260-23-370-101

No. ____ of Two Executed Original Counterparts

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "*Agreement*") is entered into as of the ___ day of _____, 2023, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the "*Authority*") and RENEWABLE WATER RESOURCES, a special purpose district in the State of South Carolina (the "*Project Sponsor*").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "*Act*") to administer the South Carolina Water Pollution Control Revolving Fund (the "*Fund*") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code as amended; and

WHEREAS, the South Carolina Department of Health and Environmental Control (the "*Department*") is authorized by the Act to, among other things, develop a priority system and prepare an annual plan to ensure compliance with the Federal Water Pollution Control Act; and

WHEREAS, the Authority is authorized by the Act to enter into Loan Agreements (as defined in the Act) with Project Sponsors in order to finance Projects (as defined in the Act); and

WHEREAS, the Act authorizes Project Sponsors, among other things, to undertake Projects, to receive assistance in the financing of such Projects by way of loans made from the Fund and to enter into loan agreements providing for the repayment of amounts received from the Fund, together with interest thereon; and

WHEREAS, the Project Sponsor proposes to acquire and construct the facilities described in Appendix "A" hereto (the "*Project*"), which Project will be part of the Project Sponsor's sewer system (the "*System*"); and

WHEREAS, the Project Sponsor proposes to finance the Project with a loan made from the Fund, such loan to be pursuant to, and on a parity with debt previously issued under, a resolution adopted by the Project Sponsor on June 14, 2010 entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" (the "*Bond Resolution*");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

SECTION 1.1. Loan Made and Accepted; Repayment. In consideration of the mutual promises of this Agreement, and upon and subject to its terms and conditions, the Authority agrees to make, and the Project Sponsor agrees to accept, the loan herein provided for (the "**Loan**"). The obligation of the Project Sponsor to repay the Loan and interest thereon is evidenced by this Agreement and a promissory note (the "**Note**") registered in the name of the Authority. The amount of the Loan (the "**Loan Amount**"), the interest rate on the Loan and the repayment schedule with respect to the Loan (the "**Repayment Schedule**") shall be as set forth in Appendix "B" hereto, as may be changed or modified pursuant to Section 1.4 hereof; the terms and form of the Note are set forth in Appendix "E". The Project Sponsor shall make payments with respect to the Loan at the times and in the amounts set forth in Appendix "B", as modified, on the due date of any such payment.

SECTION 1.2. Purpose Limited to Project. The Project Sponsor shall use the proceeds of the Loan only to pay the actual eligible costs of the Project. The Project is described in Appendix "A" and more specifically as approved in the Project files of the Department. Except to the extent otherwise approved in writing by the Authority, only the costs shown in the Project budget set forth in Appendix "A" shall be allowed and only in the amounts provided for each category. Costs of construction shall be allowed only for work called for in plans and specifications approved by the Department. Proceeds may not be used to pay for labor performed by employees of the Project Sponsor but may be used to pay for materials installed by them.

SECTION 1.3. Disbursements.

1.3.1. The Authority shall make and the Project Sponsor shall accept full or partial disbursements only against incurred actual eligible costs up to the Loan Amount and by category as provided in this Agreement.

1.3.2. For purposes of making requests for disbursement and representing the Project Sponsor in all administrative matters pertaining to administration of this Agreement, the Project Sponsor shall designate a single officer or employee (the "**Sponsor Representative**") prior to the first disbursement request.

1.3.3. When the Project Sponsor has paid the incurred Project costs and is seeking reimbursement for payment of such costs previously paid by the Project Sponsor, or when the Project Sponsor is seeking funds with which to pay incurred Project costs, disbursement from the Fund shall be remitted to the Project Sponsor via a check or an electronic funds transfer based on how the Project Sponsor is set up with the State Treasurer's Office to receive payments.

1.3.4. Before any disbursement, the Project Sponsor shall execute any documents requested by the Authority reasonably necessary or convenient to the foregoing and shall have satisfied all conditions of Section 1.6 hereof.

1.3.5. Requests for disbursement may be made only after the costs for which the draw is requested have been incurred. The Project Sponsor may not request a disbursement until all construction contracts are signed. The first request for disbursement submitted by the Project Sponsor pursuant to this Agreement shall include an amount for incurred construction costs and all amounts requested by the Project Sponsor for payment or reimbursement of amounts set forth in any of the categories "Planning and Design Engineering", "Land Acquisition", and "Legal and Appraisal Fees" which appear in the Project Budget in Appendix "A" hereto. The Project Sponsor shall not request disbursement against retainage until retainage is paid and shall not request disbursement for change orders unless such change orders have been approved by the Department. Unless the Authority otherwise approves, when the Project budget indicates that the Loan shall bear only a portion of the eligible costs of the Project, or a portion of certain itemized costs, any draw shall not exceed the same proportion of such costs reported for disbursement.

1.3.6. Requests for disbursement shall be made on forms of the Department unless the Authority or Department otherwise directs, and shall be accompanied by such invoices and other proofs as the Authority and Department may reasonably require. The final disbursement shall not be released until the Department issues its approval to place the Project into operation (the "*Permit to Operate*"). No disbursement requests will be accepted more than one hundred eighty (180) days after the date of such Permit to Operate.

1.3.7. The Authority may require that each draw request be submitted to the Authority and Department at least twenty-one (21) days before the day disbursement is needed and may limit draw requests to one per month. The Authority will exert its best efforts to disburse funds in response to a draw request within twenty-one (21) days of receiving such request, but no assurance is given by the Authority that such schedule will be met and the Authority shall incur no liability to any Project Sponsor. Processing disbursements on shorter notice or faster schedule shall not amend this provision.

SECTION 1.4. Changes in Payment Initiation Date, the Loan Amount and Repayment Schedule.

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the "*Payment Initiation Date*") is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in eighty (80) equal, or substantially equal, quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule may be changed but only as provided in the following Section 1.4.2. The

Interest Rate is fixed for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

1.4.2. (a) At the written request of the Project Sponsor, submitted to the Authority no later than sixty (60) days prior to the original Payment Initiation Date in Appendix "B", the Payment Initiation Date may be extended once by the Authority to any date not later than the earlier to occur of (i) six (6) months from the original Payment Initiation Date in Appendix "B", or (ii) thirty (30) months from the first day of the month following the date of this Agreement, or (iii) the first day of the month following the date of the Permit to Operate issued by the Department for the operation of the Project.

(b) In the event the Permit to Operate the Project is issued by the Department more than one (1) month prior to the Payment Initiation Date stated in Appendix "B", the Authority may require that either the Payment Initiation Date be accelerated to the first day of the month following the date of the Permit to Operate, or the term of the Loan be shortened by a minimum of three (3) months.

(c) The Project Sponsor may request that the Loan Amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the Fund. Any such request shall be submitted in writing to the Authority by the Project Sponsor not less than thirty (30) days prior to the Payment Initiation Date.

(d) The Authority or the Project Sponsor may initiate a reduction to the Loan Amount at any time there is a determination that a lesser amount is required for completion of the Project.

(e) The initial Repayment Schedule with respect to the Loan set forth in Appendix "B" shall be modified to reflect (i) changes in the Loan Amount, (ii) extension or acceleration of the Payment Initiation Date, and (iii) any other modification thereto agreed to by the Authority and the Project Sponsor.

(f) Modification of the Repayment Schedule resulting from a change in the Loan Amount subsequent to the Payment Initiation Date shall be made such that:

- (i) at the time of final disbursement pursuant to Section 1.3 the Authority shall determine the final Loan Amount;
- (ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in eighty (80) equal, or substantially equal, quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and
- (iii) any difference between the amount theretofore paid by the Project Sponsor prior to the revision of the Repayment Schedule and the amount which would have been paid had the revised schedule been in effect from and after the Payment Initiation Date shall be credited against the next payment, or payments, due under the revised Repayment Schedule.

(g) For purposes of the Repayment Schedule, any amounts disbursed subsequent to the Payment Initiation Date shall be considered to have been advanced on the Payment Initiation Date.

1.4.3. Any change in the Loan Amount, extension or acceleration of the Payment Initiation Date or modification of the Repayment Schedule shall be documented administratively by notice under this Agreement and shall be reflected in the substitution of a revised Appendix "B" hereto reflecting any such change or modification. In connection with any such change or modification, the Authority may, but need not, impose new terms and conditions, including cancellation of the Note and execution of a new Note.

SECTION 1.5. Deadline for Borrowing and Termination of Promise to Lend. The Authority, in its sole discretion, may terminate its promise to lend all of, or any unadvanced portion of, the Loan Amount which has not been advanced if:

1.5.1. The Project Sponsor has not entered into all construction contracts applicable to the Project within six (6) months of the date of this Agreement;

1.5.2. The Project Sponsor does not request disbursement of the unborrowed balance of the Loan Amount on or before the one hundred eightieth (180) day following the date of the Permit to Operate issued by the Department for the Project;

1.5.3. An Event of Default (as defined in Section 5.1 hereof) occurs (in which event the remedies for default likewise shall be available); or

1.5.4. A circumstance arises or becomes known which, in the Authority's sole discretion and opinion, (a) substantially impairs the ability of the Project Sponsor to complete the Project, to operate the Project or to repay the Loan, or (b) substantially impairs the merit of the Project.

SECTION 1.6. Conditions Precedent to Disbursement of Loan Proceeds. In addition to any other conditions herein provided, the Authority's obligation hereunder to make disbursements from the Fund for advances on the Loan shall be subject to satisfaction of the following conditions:

1.6.1. The Project Sponsor's representations and warranties shall remain true and correct;

1.6.2. No Event of Default shall have occurred under this Agreement or the Note;

1.6.3. The Project Sponsor has complied with the requirements of Sections 1.3, 1.4 and 1.5;
and

1.6.4. There shall be on deposit in any debt service reserve fund required by this Agreement the amount required at such time to be on deposit therein.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

The Project Sponsor represents and warrants to the Authority as follows:

SECTION 2.1. Status of Project Sponsor. The Project Sponsor is a special purpose district in the State of South Carolina (the "*State*"), authorized to acquire and construct the Project and to operate the Project and provide wastewater treatment/stormwater services.

SECTION 2.2. Financial Statements. The financial statements of the Project Sponsor delivered to the Authority are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles for units of government, consistently applied, and fairly present the respective financial condition of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in the financial conditions reflected in the statements since their date and no additional borrowing has been made by the Project Sponsor since then other than borrowing specifically disclosed and approved by the Authority. All other information submitted by the Project Sponsor in support of its application for this Loan is true and correct as of the date of this Agreement, and no material adverse change with respect to the Project Sponsor has occurred.

SECTION 2.3. Pending Litigation. There are no actions, suits or proceedings, at law or in equity, in court or before any governmental or administrative agency, either pending or to the knowledge of the Project Sponsor reasonably to be considered threatened, which may impair the validity or enforceability of the Note or this Agreement or the Project Sponsor's ability to repay the Loan or to construct and operate the Project to revenue.

SECTION 2.4. No Conflicting Transactions. Consummation of the transactions hereby contemplated and performance of this Agreement will not result in any breach of, or constitute a default under, any deed to secure debt, mortgage, deed of trust, indenture, security agreement, lease, bank loan or credit agreement, municipal charter, ordinances, contracts or other instruments to which the Project Sponsor is a party or by which it may be bound or affected.

SECTION 2.5. Ownership of Premises. The Project Sponsor owns in fee simple the real property which presently constitutes or which will constitute the main operating facilities of the Project and of the System as a whole, and further owns in fee simple or by sufficient easement the real property upon, across or under which the Project Sponsor has or will have its collection or trunk lines, manholes, pump stations and the like, including those to be a part of the Project and otherwise. Property of which the Project Sponsor has taken possession pursuant to Section 28-2-90 of the South Carolina Eminent Domain Procedure Act (Title 28, Chapter 2, Code of Laws of South Carolina, 1976, as amended), and in connection with which no action pursuant to Section 28-2-470 of such statute has been instituted within thirty (30) days of the condemnation notice with respect to such property, shall be deemed owned in fee simple by the Project Sponsor pursuant to this Section 2.5. The Project Sponsor has good record title to

the real property described above (or has possession pursuant to the Eminent Domain Procedure Act, as described above) with only such exceptions of record as do not limit the fee simple ownership and do not and will not interfere with the full use and enjoyment of the premises by the Project Sponsor. With respect to the personal property and fixtures of the Project Sponsor necessary or convenient to the System and its operation, and excepting certain permitted capital leases secured by such equipment as collateral, there are no liens or other claims of record against such property or other evidence of adverse ownership, and the Project Sponsor owns such personal property and fixtures in fee simple without conflicting claim of ownership.

SECTION 2.6. Other Project Arrangements. The Project Sponsor has secured the utilities, access, governmental approvals and other arrangements reasonably to be considered necessary for the undertaking of the Project.

SECTION 2.7. No Construction Default. Neither the Project Sponsor nor its contractor, architect or engineer for the Project or any related project is in default of any agreement respecting the Project or a related project.

SECTION 2.8. No Default. There is no default on the part of the Project Sponsor under this Agreement or the Note, and no event has occurred and is continuing, which, with notice or the passage of time would constitute a default under any part of this Agreement or the Note.

SECTION 2.9. Effect of Draw Requests. Each request for and acceptance of disbursement by the Project Sponsor shall be affirmation that the representations and warranties of this Agreement remain true and correct as of the date of the request and acceptance, that no breach of other provisions hereof has occurred, and that no adverse developments affecting the financial condition of the Project Sponsor or its ability to complete the Project or to pay the Loan plus interest thereon have occurred since the date of this Agreement unless specifically disclosed in writing by the Project Sponsor in the request for disbursement. Unless the Authority is notified to the contrary, such affirmations shall continue thereafter.

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

3.1.1 The Project Sponsor should not execute construction contracts or issue the notice to proceed with respect to the Project prior to receiving written approval from the Department to award construction contracts.

3.1.2 The Project Sponsor shall provide and maintain competent and adequate engineering supervision and continuous inspection of the Project to ensure that the construction conforms with the plans and specifications approved by the Department. A monthly inspection report shall accompany each disbursement request.

3.1.3 The Project Sponsor shall cause the Scope of Work identified in Appendix "A" to be completed pursuant to the Project Schedule also defined in Appendix "A" hereto. The Project Sponsor shall require all contractors to satisfactorily complete all work within the time stated in the executed construction contract. Extension of any contract completion date requires the Department's approval. Any costs incurred as a result of a time extension which has not received approval by the Department shall not be eligible for Loan participation.

3.1.4 The Project Sponsor shall pay all costs to complete the Project not covered by the Loan and commits itself to complete the construction of the operable treatment works and to complete the treatment system of which this Project is a part.

SECTION 3.2. Disbursements. The Project Sponsor shall receive and promptly disburse the funds to be provided hereunder as trust funds for the purpose of paying the eligible costs of the Project and for no other purpose.

SECTION 3.3. Release of Responsibility. The Project Sponsor shall undertake the Project on its own responsibility and, to the extent permitted by law, shall release and hold harmless the Authority, the Department, the State and their officers, members and employees from any claim arising in connection with the design, construction or operation of the Project or any other aspect of the System including any matter due solely to their negligence.

SECTION 3.4. Other Agreements. The Project Sponsor shall comply with all terms and conditions of any construction contracts, architectural or engineering agreements, trust indentures, security deeds, promissory notes, loan agreements, or the like affecting the Project, the premises of the System and its operation. The Project Sponsor shall require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract. The requirement of such bonds shall be for the convenience of the Authority only and shall not be an undertaking by the Authority to the Project Sponsor or any third party.

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and System in accordance with generally accepted accounting principles (GAAP), including financial, statistical, property, and supporting documentation. All accounting records shall be kept using GAAP accounting, and applying all relevant Government Accounting Standards Board (GASB) pronouncements, including GASB Statement No. 34 relating to the reporting of infrastructure assets.

3.5.2. Audit. Within six (6) months of the end of each fiscal year of the Project Sponsor, the Project Sponsor shall tender to the Authority an annual financial audit by a certified public accountant. The conduct of the audit and the audit shall be in accordance with Generally Accepted Auditing Standards as defined in Government Auditing Standards, Comptroller General of the United States, December 1, 2011, and revisions, updates or successors thereto.

SECTION 3.6. Ratings from Rating Agencies. If the Reserve Requirement, as defined in Section 4.2.1 herein, is initially, or at any time during the term of the Loan, set at a level that is less than the maximum amount due on the Note during any full calendar year, the Project Sponsor shall submit to the Authority a copy of its latest long-term, unenhanced underlying rating, affirmation thereof, and any new or updated credit report on the System and/or any Parity Debt, as defined in Section 4.3.2 herein, from S&P Global Ratings, or its respective successors and assigns, ("**S&P**") or Moody's Investors Service, Inc., or its respective successors and assigns, ("**Moody's**"), and from each, if both S&P and Moody's issued ratings. Additionally, the Project Sponsor shall immediately notify, and submit to, the Authority any commentaries, updated outlooks/reports, CreditWatch placements, ratings changes or downgrades, or other actions from S&P and/or Moody's with respect to the System and/or any Parity Debt.

SECTION 3.7. Insurance. The Project Sponsor covenants and agrees that so long as any amount remains unpaid on the Note:

(A) It will insure and at all times keep the portion of the System located above ground insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in an amount equal to the replacement cost of the Project;

(B) It will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the Project Sponsor against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System;

(C) All insurance policies shall be open to the inspection of the Authority at any reasonable time; and

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied

to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the General Revenue Fund established pursuant to the Bond Resolution.

SECTION 3.8. Compliance with Governmental Authority. The Project Sponsor shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project or the System.

SECTION 3.9. Adequate Rates. The Project Sponsor shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System as shall be sufficient to meet the requirements of this Agreement, and the Project Sponsor specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

3.9.1. To provide for the punctual payment of the principal of and interest on the Note and any other indebtedness of the Project Sponsor payable from revenues of the System that may from time to time hereafter be outstanding;

3.9.2. To maintain any Debt Service Reserve Fund required by this Agreement in accordance with the provisions hereof;

3.9.3. To provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order;

3.9.4. To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order; and

3.9.5. To discharge all other obligations imposed by the Act, by this Agreement and by the Bond Resolution.

The Project Sponsor further covenants and agrees that it shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System which, together with other income, are reasonably expected to yield Gross Revenues in each fiscal year in at least the amount necessary to equal 100% of all amounts required for Sections 3.9.2 through 3.9.5 and annual Net Earnings, as defined in the Bond Resolution, in any fiscal year equal to the greater of (i) one hundred ten percent (110%) of the annual principal and interest on all debt paid from or secured by revenues of the System; or (ii) such other percentage of the annual principal and interest on all debt secured by revenues of the System as the Project Sponsor shall have covenanted that its Net Earnings would meet with respect to other outstanding indebtedness and obligations of the System.

SECTION 3.10. Review of Rates. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will review the adequacy of its rates and charges to comply with the

requirements of this Agreement promptly upon any material changes in circumstances, but not less frequently than once in each fiscal year of the Project Sponsor. The Project Sponsor shall submit any adjustments to its rates and charges to the Authority immediately upon adoption.

SECTION 3.11. Disclosure of Events to Authority. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will submit to the Authority event specific information within thirty (30) days of an event adversely affecting more than five (5) percent of revenues of the System and any other information which is otherwise required to be released to a municipal bond information repository service. Failure to timely submit such information shall not be deemed an event of default under the Bond Resolution or this Agreement.

SECTION 3.12. Procurement Requirements. The Project Sponsor shall comply with all procurement requirements of law and, to the extent compliance herewith does not contravene any provision of law applicable to the Project Sponsor, shall comply with the procurement requirements set forth in Appendix "C" hereto.

SECTION 3.13. Inspection and Information. On reasonable notice, the Authority or the Department shall have for its own convenience and benefit and without obligation to the Project Sponsor or any third party, the right to audit the books and records of the Project Sponsor as they may pertain to or affect the System and this Agreement and to enter upon the premises to inspect the Project. The Project Sponsor shall cause its architects, engineers, contractors, and auditors to cooperate during such inspections including making available any documents, records, reports or other materials pertinent to the Project and the inspection. The Project Sponsor shall comply with all reasonable requests by the Authority or the Department for information pertaining to the Project Sponsor's compliance with this Agreement.

SECTION 3.14. Consent to Changes. Without consent of the Authority and Department, the Project Sponsor shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project or the System. The Project Sponsor shall not divide the Project into component projects in order or in effect, so as to defeat the provisions of this Agreement. The Project Sponsor covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, mortgage or otherwise encumber the Project, the System or the revenues derived therefrom during the term of this Agreement, except as provided for herein or in the Bond Resolution, without the express prior written approval of the Authority.

SECTION 3.15. Additional Covenants. The Project Sponsor further covenants and agrees that:

3.15.1. Neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for herein or in the Bond Resolution;

3.15.2. It will permit no free service to be rendered, or use to be made of the services and facilities of the System and for the services and facilities of the System used by the Project Sponsor, the

reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the Project Sponsor shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

3.15.3. It will permit no customer to be connected to the System, or to receive any service afforded by the System, unless such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force; and

3.15.4. So long as any amount due with respect to the Note is unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State, and the Project Sponsor hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner authorized herein or in the Bond Resolution and, except as permitted by the Bond Resolution, it will not sell, lease or dispose of any portion of the System, necessary or useful, and the Project Sponsor further obligates itself and covenants and agrees with the Authority to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Agreement.

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ARTICLE IV
ESTABLISHMENT OF FUNDS AND
DISPOSITION OF REVENUES

SECTION 4.1. Establishment of Gross Revenue Fund, Debt Service Fund, and Operation and Maintenance Fund. Beginning on the first day of the month following the delivery of the Note, except with respect to the Debt Service Fund, and continuing until all amounts due with respect to the Note have been paid in full, the following funds shall be established and maintained:

4.1.1. The Project Sponsor shall establish a Gross Revenue Fund, defined as the General Revenue Fund in the Bond Resolution, into which shall be placed all receipts, income and revenue that the Project Sponsor shall derive, directly or indirectly, from the ownership of the System. Moneys in the Gross Revenue Fund may be withdrawn on order of the Project Sponsor, but shall be made use of only in the manner and in the order of priority specified in the Bond Resolution and in Section 4.3 hereof.

4.1.2. Beginning in the month of the Payment Maturity Date, the Project Sponsor shall provide for the establishment of a Series 2023B Debt Service Fund (the "*Debt Service Fund*") as a means of providing for the payment of the principal and interest on the Note as the same shall fall due. Moneys in the Debt Service Fund shall be used solely to pay the principal of and interest on the Note, and for no other purpose. The Debt Service Fund shall be kept in the complete custody and control of the Trustee, as defined in Section 4.4 herein and as established under the Bond Resolution. Withdrawals from the Debt Service Fund shall be made only by the Trustee who shall transmit to the Authority the sums required to pay principal and interest on the Note.

4.1.3. The Project Sponsor shall establish an Operation and Maintenance Fund in order to provide for the payment of all expenses incurred in connection with the administration and operation of the System, and such expenses may be reasonably necessary to preserve the System in good repair and working order.

4.1.4. In the event the Project Sponsor shall have established funds analogous to, or serving the purpose of, the funds required to be established by this Article IV, such funds may be continued and employed for the purposes of this Agreement, and the Project Sponsor shall not be required to establish duplicate funds.

SECTION 4.2. Establishment and Funding of Debt Service Reserve Fund.

4.2.1. Based on the Project Sponsor's receipt of a long-term underlying rating on the System and/or any Parity Debt in at least the "A" category from S&P or Moody's respectively, and from each, if both S&P and Moody's issued ratings, and the submission of such with its Loan application to the Authority, the Debt Service Reserve Fund requirement with respect to the Note (the "*Reserve Requirement*") shall initially equal zero and shall continue to be zero subject to provisions of the

following Section 4.2.2. At such time as the Reserve Requirement is greater than zero as provided in Section 4.2.2, the Project Sponsor shall fund a Series 2023B Debt Service Reserve Fund (the "*Debt Service Reserve Fund*") to provide a reserve for payment of principal of and interest on the Note.

4.2.2. (a) The Reserve Requirement shall continue to be zero if the Project Sponsor fully complies with all requirements of Section 3.6 herein for submitting S&P/Moody's ratings/affirmations/credit reports and for immediately providing any other rating agency actions related to the System and/or any Parity Debt, and all such ratings are maintained in at least the "A" category.

(b) If there is no longer any current rating or if either the S&P or Moody's rating is downgraded below the "A" category, the Reserve Requirement shall immediately increase to the maximum annual amount due on the Note, and the Project Sponsor shall meet the new requirement within one year through twelve (12) equal monthly deposits, beginning in the month following any such downgrade or loss of the rating for the System and/or any Parity Debt.

(c) In the event the Reserve Requirement is ever increased as provided in Section 4.2.2 (b) above due to a ratings downgrade or loss and the credit rating is subsequently upgraded to the level established in Section 4.2.2 (a), then the Reserve Requirement shall revert to zero and any excess money in the Debt Service Reserve Fund shall be applied as provided in Section 4.4.3 hereof.

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes.

4.2.4. Prior to the delivery of this Agreement to the Authority, the Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.1, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement. In the event that the Reserve Requirement shall increase due to an increase in the Loan Amount pursuant to Section 1.4.2(c), the Project Sponsor shall immediately deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.2, funds in an amount equal to such increase in the Reserve Requirement.

SECTION 4.3. Disposition of Revenues. All revenues derived from the operation of the System shall be deposited in the Gross Revenue Fund. Beginning in the month following the delivery of this Agreement with respect to payments pursuant to Sections 4.3.1 and 4.3.3 to 4.3.6, inclusive, and beginning in the month of the Payment Initiation Date with respect to payments pursuant to Section 4.3.2, withdrawals from the Gross Revenue Fund shall be made each month in the following order of priority:

4.3.1. There shall be deposited into the Operation and Maintenance Fund that sum which has been currently determined by the Project Sponsor to be the cost of operating and maintaining the System for the next ensuing month and any amount required for an operational reserve.

4.3.2. The monthly fraction of the next payment of principal and interest to become due on the Note on the next succeeding payment date shall be deposited in the Debt Service Fund. Simultaneously with making the monthly deposit in the Debt Service Fund required by this Section 4.3.2, the Project Sponsor shall deposit (a) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2015A (the "**2015A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2015A Revenue Bonds; (b) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-175-16-370-67 from the Fund (the "**2016A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016A Revenue Bond; (c) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-176-16-370-66 from the Fund (the "**2016B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016B Revenue Bond; (d) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bond, Series 2017A (the "**2017A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017A Revenue Bond; (e) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-194-17-370-69 from the Fund (the "**2017B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017B Revenue Bond; (f) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-195-17-370-85 from the Fund (the "**2017C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017C Revenue Bond; (g) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bonds, Series 2018A (the "**2018A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2018A Revenue Bonds; (h) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-205-18-370-97 from the Fund (the "**2019A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019A Revenue Bond; (i) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-206-18-370-84 from the Fund (the "**2019B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019B Revenue Bond; (j) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-211-18-370-99 from the Fund (the "**2019C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019C Revenue Bond; (k) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-226-20-370-98 from the Fund (the "**2020B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2020B Revenue Bond; (l) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2020C (the "**2020C Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020C Revenue Bonds; (m) in a fund for the

payment of amounts due with respect to the Project Sponsor's Federally Taxable Sewer System Refunding Revenue Bonds, Series 2020D (the "**2020D Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020D Revenue Bonds; (n) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-236-20-370-107 from the Fund (the "**2021A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021A Revenue Bond; (o) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-239-21-370-105 from the Fund (the "**2021B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021B Revenue Bond; and (p) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bond, Series 2022A (the "**2022A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2022A Revenue Bond; (q) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-257-22-370-113 from the Fund (the "**2023A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023A Revenue Bond; (r) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-261-23-370-108 from the Fund (the "**2023C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023C Revenue Bond; (s) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-262-23-370-111 from the Fund (the "**2023D Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023D Revenue Bond (t) into a fund or funds for the payment of amounts due with respect to any obligations of the Project Sponsor (the "**Obligations**") secured by a pledge of revenues on a parity with the pledge securing the Note, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, the 2022A Revenue Bond, the 2023A Revenue Bond, the 2023C Revenue Bond, and the 2023D Revenue Bond, the monthly fraction or fractions of the next payment or payments due on any such Obligation or Obligations. The 2012 Revenue Bonds, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond, the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, 2022A Revenue Bond, the 2023A Revenue Bond, the 2023C Revenue Bond, the 2023D Revenue Bond, and the Obligations are hereinafter sometimes referred to as "**Parity Debt**". In the event amounts available for payments into the funds with respect to the Note and all Parity Debt are not sufficient to make all payments then required to be made, such available amounts shall be deposited into such funds on a pro rata basis.

4.3.3. (a) In the event any amounts shall be withdrawn from the Debt Service Reserve Fund in order to provide for payment of any amounts due with respect to the Note, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount of any such withdrawal and such deposits with respect to any such withdrawal shall begin in the month following such withdrawal and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(b) In the event the Reserve Requirement for the Debt Service Reserve Fund is increased pursuant to any provision of Section 4.2.2 herein, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount necessary to fully meet the Reserve Requirement, and such deposits shall begin in the month following a ratings downgrade or loss and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal such increased Reserve Requirement.

(c) If the value of the Debt Service Reserve Fund is ever less than the Reserve Requirement, other than as provided in (a) or (b) above, or as provided in Section 4.2.4 with respect to any increase in the Loan Amount, there shall be deposited in the Debt Service Reserve Fund not less than one-fourth (1/4) of an amount equal to the total Reserve Requirement deficiency, beginning in the month following such a determination. Such deposits shall continue to be made until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(d) Nothing in this Section 4.3.2 (a), (b) or (c) shall preclude the Project Sponsor from fully funding the Reserve Requirement in a more timely fashion than so prescribed.

4.3.4. If, in any month for any reason, the Project Sponsor shall fail to pay all or any part of the money it has herein agreed to pay into said Debt Service Fund or Debt Service Reserve Fund, the amount of any such deficiency shall be added to and shall become a part of the amount due and payable into said Debt Service Fund or Debt Service Reserve Fund in the next succeeding month.

4.3.5. Provision shall then be made for payment of interest on amounts advanced by the provider of any DSRF Funding Instrument, as defined in the Bond Resolution.

4.3.6. Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Note and all Parity Debt in the order of priority contemplated by the proceedings authorizing their issuance.

4.3.7. Any revenues remaining after the foregoing deposits have been made shall be disposed of for any lawful purpose in such manner as the Project Sponsor shall from time to time determine.

SECTION 4.4. Concerning the Debt Service Fund and the Debt Service Reserve Fund. The Debt Service Fund created pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund created pursuant to Section 4.2 hereof shall be established with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (the "*Trustee*") chosen by the Project Sponsor with the written approval

of the Authority. The Debt Service Fund and the Debt Service Reserve Fund, if required to be funded, shall be held and administered by the Trustee in accordance with the provisions of the Bond Resolution and the following provisions of this Section 4.4. The Trustee shall acknowledge and accept its duties and responsibilities with respect to the Debt Service Fund and the Debt Service Reserve Fund, if funded, in one or more written instruments delivered to the Authority with this Agreement.

4.4.1. The Trustee shall notify the Authority in writing of the date of the initial amount deposited into the Debt Service Fund for purposes of the Note, and the initial amount deposited for the Debt Service Reserve Fund, if required to be funded. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the Debt Service Fund or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. If the Reserve Requirement is greater than zero, the Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the Debt Service Fund by the Project Sponsor, the Trustee shall transmit to the Authority an electronic fund transfer or check made payable to "Office of Local Government - SRF" in the amount, and at the time, required by the Agreement and Note. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is zero, the Trustee shall immediately notify the Project Sponsor of the amount to be transmitted to the Trustee for the payment then due. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is greater than zero, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, any money in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the direction of the Project Sponsor in Authorized Investments, as defined in the Bond Resolution. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess shall, at the direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve Fund and deposited into the Gross Revenue Fund.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the Debt Service Fund and the Debt Service Reserve Fund, if funded, to the Project Sponsor upon the

receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

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ARTICLE V
EVENTS OF DEFAULT

SECTION 5.1. Events of Default. The following occurrences shall constitute Events of Default hereunder:

(A) The Project Sponsor fails to comply with any of the covenants, terms and conditions made in this Agreement;

(B) The Project Sponsor fails to pay any amount due on the Note at the time and in the manner provided in the Note and this Agreement;

(C) Any representation, warranty or statement made by the Project Sponsor in this Agreement or in connection with it or the Loan shall be or become untrue, incorrect or misleading in any material respect;

(D) The Project Sponsor makes an assignment for benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions for appointment of a receiver or trustee for any substantial part of its property or is the subject of such a petition or commences or has commenced against it or its property (a) any similar proceeding under any bankruptcy law or other debtor-relief or similar law or (b) any foreclosure of any mortgage or similar instrument or a trust indenture or like instrument;

(E) Dissolution of the existence of the Project Sponsor;

(F) Construction of the Project is not carried out with reasonable dispatch, ceases and is not resumed for forty-five (45) days or more abandoned; and

(G) The Authority reasonably suspects the occurrence of any default or Event of Default by the Project Sponsor, and following request by the Authority, the Project Sponsor fails to provide evidence reasonably satisfactory to the Authority that such default or Event of Default has not in fact occurred.

ARTICLE VI

REMEDIES

SECTION 6.1. Acceleration. Upon the occurrence of an Event of Default, the principal balance of the Note may be declared immediately due and payable in the manner prescribed by and in accordance with the terms of the Bond Resolution. In such event, there shall be due and payable on the Note an amount equal to the total principal amount outstanding on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment.

SECTION 6.2. Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, and subject to the limitations of the Bond Resolution, the Authority may proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to

(A) Requiring the Project Sponsor to carry out its duties and obligations under the terms of this Agreement and under the Act;

(B) Suit upon all or any part of the Note;

(C) Civil action to require the Project Sponsor to account as if it were the trustee of an express trust for the Authority;

(D) Civil action to enjoin any act or thing which may be unlawful or in violation of the rights of the Authority; and

(E) Enforcement of any other right of the Authority including the right to make application for the appointment of a receiver to administer and operate the System.

SECTION 6.3. Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 6.4. Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Project Sponsor shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII

SECURITY

SECTION 7.1. Pledge of Revenues. For the payment of the Note and as security for its other obligations under this Agreement, the Project Sponsor hereby grants to the Authority a pledge of, and lien upon, that portion of the Gross Revenues of the System (as defined in the Bond Resolution) as shall remain after payment of all Operation and Maintenance Expenses. Such pledge and lien upon the revenues shall be on a parity in all respects to the pledge and lien securing any Parity Debt and shall at all times and in all respects be and remain superior to any pledges made to secure any other obligations of the Project Sponsor payable from the revenues of the System except to the extent otherwise agreed to in writing by the Authority. Parity Debt may be issued only in compliance with Article IV of the Bond Resolution or, if the Bond Resolution is no longer in effect, only with the prior written approval of the Authority.

SECTION 7.2. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to the provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

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ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 8.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in a National Pollutant Discharge Elimination System permit (the "**NPDES Permit**"). It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

SECTION 8.2. Standard Conditions. The Project Sponsor acknowledges and agrees to comply with the following Federal and/or State requirements:

(A) The Project Sponsor shall provide access to the Project work whenever it is in preparation or progress and provide proper facilities for access and inspection. The Project Sponsor shall allow the Regional Administrator of the Environmental Protection Agency, the Comptroller General of the United States, the Department and the Authority, or any authorized representative to have access to any books, documents, plans, reports, papers, and other records of the contractor which are pertinent to the Project for the purpose of making audit, examination, excerpts, copies, and transcriptions.

(B) Pursuant to requirements of the Federal Water Pollution Control Act, as amended on June 10, 2014 (the "**Federal Act**"), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act. See Attachment #1.

(C) The Project Sponsor shall not presently be debarred for noncompliance with Federal Law and shall not award contracts to any firm that is presently debarred for noncompliance with Federal Law where the contract amount equals or exceeds the federal small purchase procurement threshold.

(D) The Project shall comply with "American Iron and Steel" provisions, as set forth in the Federal Act and related American Iron and Steel implementation guidance, requiring that all of the iron and steel products used in the Project be produced in the United States unless a waiver is granted by the U.S. Environmental Protection Agency. The Project Sponsor shall require all bidders to comply with the American Iron and Steel provisions.

(E) Pursuant to requirements of Section 603(d)(1)(E) of the Federal Act, the Project Sponsor of a project involving the repair, replacement or expansion of a publicly owned treatment works shall develop and implement a fiscal sustainability plan ("**FSP**") or certify that it has developed and implemented such a plan. Sponsors with an existing and implemented FSP shall certify to that effect before the loan closing date. Sponsors developing an FSP must submit a certification that an FSP has been developed, and will be implemented, by the date of the final loan disbursement.

ARTICLE IX
GENERAL CONDITIONS

SECTION 9.1. No Waiver. No disbursements shall waive any provision of this Agreement or the Note or preclude the Authority from declaring a default if the Project Sponsor is unable to satisfy any such provisions or perform hereunder.

SECTION 9.2. Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority.

SECTION 9.3. Evidence. Any condition of this Agreement which requires a submission of evidence of the existence or nonexistence of facts shall imply as a condition the existence or nonexistence, as the case may be, of such fact or facts, and the Authority shall at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or nonexistence.

SECTION 9.4. No Beneficiaries. All conditions of the obligations of the Authority to make disbursements are imposed solely and exclusively for its benefit, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of such compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

SECTION 9.5. Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the convenience of the Authority and Department only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority or Department of responsibility for design or construction.

SECTION 9.6. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other party hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to the Project Sponsor:

Renewable Water Resources
561 Mauldin Road
Greenville, South Carolina 29607

Attention: Chief Executive Officer

If to the Authority:

South Carolina Water Quality Revolving Fund
Authority
c/o Office of Local Government - SRF
South Carolina Rural Infrastructure Authority
1201 Main Street
Suite 1600
Columbia, South Carolina 29201

Attention: Patricia A. Comp

Each party may notify the other by the same process of any change of such address. Loan requests and disbursements and other routine loan administration may be conducted by regular mail.

SECTION 9.7. No Joint Venture, Etc. The Authority is not a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Project Sponsor. The Authority shall not be in any way liable or responsible by reason of the provisions hereof, to the Project Sponsor or any third party, for the payment of any claims in connection therewith.

SECTION 9.8. Assignment. This Agreement may not be assigned by the Project Sponsor without the prior written consent of the Authority. The Authority may assign the Note and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

SECTION 9.9. Entire Agreement. This Agreement and the Note contain the entire terms of this Agreement and transaction. They may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

SECTION 9.10. Continuity. This Agreement shall be binding upon the legal representatives, successors and assigns of each party and shall inure to their benefit; provided, however, that nothing herein said shall be deemed to limit any restriction on assignment imposed upon the Project Sponsor.

SECTION 9.11. South Carolina Contract. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

SECTION 9.12. Limitations on Remedies by Project Sponsor. No action shall be commenced by the Project Sponsor against the Authority for any claim under this Agreement unless notice thereof specifically setting forth the claim shall have been given to the Authority within thirty (30) days after the occurrence of the event or omission which the Project Sponsor alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim. Liability of the Authority to the Project Sponsor for any breach of the terms of this Agreement shall not exceed a sum equal to the amount which the Authority shall have failed to disburse in consequence of a breach by the Authority of its obligations under this Agreement. Upon the making of any such payment by the Authority to the Project Sponsor, it shall be treated as a disbursement under this Agreement.

SECTION 9.13. Counterparts. This Agreement is executed in two counterparts, which are separately numbered, but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

SECTION 9.14. Appendices. The appendices attached to this Agreement are a part of it.

SECTION 9.15. Special Conditions. The Statements of Special Conditions in Appendix "D" shall govern the matters they address.

SECTION 9.16. Time of Essence. Time is of the essence of this Agreement.

SECTION 9.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

DRAFT

IN WITNESS WHEREOF, the Project Sponsor and the Authority have caused these presents to be signed, sealed and delivered all as of the date hereof.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

(SEAL)

By: _____

Name: _____

Title: _____

Attest:

Its: _____

DRAFT

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____

Bonnie Ammons, Director,
Office of Local Government,
South Carolina Rural Infrastructure Authority

SCOPE OF WORK

Project Sponsor: Renewable Water Resources

Project Name: FY19 Gravity Sewer and Manhole Rehabilitation

Loan Number: X1-260-23-370-101

Cured-in-place pipe (CIPP) lining of approximately 43,950 linear feet of existing 8-inch to 42-inch gravity sewer; various point and service lateral repairs as necessary; and rehabilitation of 66 manholes using specialized cementitious mortar products.

DRAFT

PROJECT BUDGET

Project Sponsor: Renewable Water Resources

Project Name: FY19 Gravity Sewer and Manhole Rehabilitation

Loan Number: X1-260-23-370-101

<u>ITEM</u>	<u>CWSRF LOAN</u>	<u>PROJECT SPONSOR</u>	<u>TOTAL ELIGIBLE COSTS</u>
Planning and Design Engineering	\$ 100,000		\$ 100,000
Construction	3,088,161	\$ 750,000	3,838,161
Construction Inspection and Engineering	300,000	_____	<u>300,000</u>
Total	3,488,161	\$ 750,000	\$ 4,238,161

DRAFT

SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: FY19 Gravity Sewer and Manhole Rehabilitation

Loan Number: X1-260-23-370-101

ACTION

DATE

Bid Opening

July 12, 2022

Contract Execution

September 30, 2022

Notice to Proceed

November 7, 2022

Start of Construction

November 7, 2022

Project Completion

November 19, 2023

DRAFT

SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: FY19 Gravity Sewer and Manhole Rehabilitation

Loan Number: X1-260-23-370-101

Loan Amount: \$3,488,161

Payment Initiation Date: December 1, 2023

Interest Rate: 1.40% per annum

First Payment Due Date: March 1, 2024

- (1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check or electronic funds transfer for each disbursement and accrued interest only shall be due on the Payment Initiation Date.
- (2) Repayment of the principal and interest shall be in 80 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.
- (3) Repayment shall be in 79 equal installments in the amount of Fifty Thousand Sixty-Six and 55/100 Dollars (\$50,066.55) each, followed by one final installment in the amount of Fifty Thousand Sixty-Six and 80/100 Dollars (\$50,066.80).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: Renewable Water Resources

Project Name: FY19 Gravity Sewer and Manhole Rehabilitation

Loan Number: X1-260-23-370-101

Loan Amount: \$3,488,161

.35% Loan Closing Fee: \$12,209

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents. Such fee is not reimbursable through the Loan.

DRAFT

SUBJECT TO REVISION PRIOR TO CLOSING

Project Sponsor: Renewable Water Resources

Loan Number: X1-260-23-370-101

PROCUREMENT REQUIREMENTS

Recycled Funds

- I. Prior to construction contract award, the Project Sponsor shall:
- A. Advertise the Project for a minimum of thirty (30) days in advance of bid opening using at least one of the following methods:
 - 1. Local newspapers of general circulation.
 - 2. Statewide or regional newspapers of general circulation.
 - 3. The South Carolina Business Opportunities (S-CBO).
 - B. Modify bid documents only by written addenda which require prior Department approval.
 - C. Hold a public bid opening.
 - D. Utilize competitive sealed construction bids.
 - E. Require at least a five percent (5%) bid bond or certified check.
 - F. Require one hundred percent (100%) payment and performance bonds.
 - G. Require the contractor, during construction, to provide fire, extended coverage, vandalism and malicious mischief insurance equal to the actual value of the insured property.
 - H. Follow, and require the prime contractor to follow, Davis-Bacon and Related Acts provisions.
 - I. Follow, and require the prime contractor to follow, American Iron and Steel Provisions.
 - J. If other funding sources are included which have stricter bidding requirements or if applicable Federal, State or local laws or ordinances have stricter requirements, these stricter requirements govern.
 - K. After bid opening, provide the Department with the following:
 - 1. Project Construction Summary For Recycled Projects (DHEC Form #1295).
 - 2. A certified copy of the advertisement with date(s) of publication.
 - 3. Detailed bid tabulation certified by Project Sponsor's engineer.
 - 4. Proposal of successful bidder(s).
 - 5. Bid bond with associated Power of Attorney.
 - 6. Engineer's award recommendation of low bidder(s) to Project Sponsor. If the award is recommended to other than the low bidder(s), provide justification for decision.
 - 7. Certified copy of Project Sponsor's tentative award resolution listing the proposed contractor(s) and contractor amount(s).
 - 8. Davis-Bacon wage rate(s) used in bidding the project.
 - 9. A copy of the proposed prime contractor's Bidders American Iron and Steel Certification (DHEC Form 2556).
 - 10. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$25,000.

11. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.
 - L. Receive Department approval to award the construction contract(s).
- II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
- A. Executed contract documents.
 - B. Notice to Proceed.
 - C. Monthly Construction Inspection Reports.
 - D. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
 - E. American Iron and Steel Certification (DHEC Form #0962) with each draw request.
- III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
- A. Need for the change.
 - B. Clear description of the change.
 - C. Cost and pricing data.
 - D. Documentation of negotiation.
 - E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

DRAFT

SPECIAL CONDITIONS

Project Sponsor: Renewable Water Resources

Project Name: FY19 Gravity Sewer and Manhole Rehabilitation

Loan Number: X1-260-23-370-101

None.

DRAFT

STATE OF SOUTH CAROLINA
COUNTIES OF GREENVILLE, ANDERSON,
LAURENS, AND SPARTANBURG

**PROMISSORY NOTE TO SOUTH CAROLINA
WATER QUALITY REVOLVING FUND AUTHORITY FOR
SOUTH CAROLINA WATER POLLUTION CONTROL
REVOLVING FUND LOAN**

RENEWABLE WATER RESOURCES, SOUTH CAROLINA
SEWER SYSTEM REVENUE BOND, SERIES 2023B

FOR VALUE RECEIVED, Renewable Water Resources, South Carolina (the "*Project Sponsor*") promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Loan Agreement (the "*Agreement*"), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number X1-260-23-370-101, FY19 Gravity Sewer and Manhole Rehabilitation, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "A" to the Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

The Project Sponsor may prepay the outstanding principal balance of this Note in whole or in part, together with any accrued interest thereon, at any time without penalty or premium; all such prepayments shall be applied against principal installments due on this Note in the inverse order of the maturity dates thereof.

All payments of principal and interest shall be made in money of the United States at the office of the Authority in Columbia, South Carolina, or at such place as the Authority may designate in writing, and shall be made in funds immediately available in Columbia, South Carolina.

The Project Sponsor agrees to pay at the time any such late payment hereunder is made a late charge of three percent (3%) of any payment not made on or before the tenth day of the month in which such payment is due. Interest which accrues after maturity of this Note or after its earlier acceleration

shall be due and payable upon demand.

Payments shall be applied first to any late charge, then to interest, then to principal. There is no intent for any payment to exceed any legal limit on interest, if any such legal limit applies. If an excess sum occurs, it shall be applied to principal unless the Project Sponsor elects its return in writing.

If the Project Sponsor fails to make any payment of principal or interest within thirty (30) days of the date when due, or if the Project Sponsor defaults in the performance of any of the terms, covenants or conditions of any agreement or other documents concerning this Note, including without limitation the Agreement, the Authority may declare the principal of this Note and all unpaid interest accrued on it to be due and payable immediately, without prior notice or demand to the Project Sponsor.

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payment. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 12 of the Agreement relating to additional security for payment of amounts due on this Note.

The Project Sponsor waives presentment for payment, demand, protest, and notice of non-payment. Neither a failure to accelerate for default nor acceptance of a past due installment shall be a novation of this Note or constitute a waiver of the right to insist upon strict compliance with it and any related agreements and documents.

The Project Sponsor shall pay all costs of collection, including but not limited to reasonable attorney's fees if the Authority endeavors to collect this Note in any manner through an attorney at law. The rights and remedies of the Authority provided in this Note are cumulative and not exclusive of any other rights and remedies afforded the Authority by law or by any other document.

This Note shall be governed by and construed and interpreted in accordance with the laws of the State of South Carolina.

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this _____ day of _____, 2023.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

[SEAL]

By: _____

Typed Name: _____

Title: _____

Attest:

Its: _____

DRAFT

CERTIFICATE OF AUTHENTICATION

This Promissory Note is the obligation issued pursuant to the Project Sponsor's Bond Resolution adopted on June 14, 2010, as authorized by the Project Sponsor's Series Resolution adopted on _____, 2023.

U. S. BANK NATIONAL ASSOCIATION, REGISTRAR

By: _____, Authorized Officer

Typed Name: _____

**Davis-Bacon Wage Rates Required Under Federal Clean Water Act
For Subrecipients (Project Sponsors)**

1. Applicability of the Davis-Bacon (DB) Prevailing Wage Requirements

Under the Federal Clean Water Act, as amended on June 10, 2014, DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

- (a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.
- (i) While the solicitation remains open, the subrecipient shall monitor <http://sam.gov/> weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or superseding DOL takes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor <http://sam.gov/> on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- (b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from <http://sam.gov/> into the ordering instrument.
- (c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- (d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$2,000. Available from the Department.

4. Contract Provisions for Contracts in Excess of \$100,000

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$100,000. Available from the Department.

5. Compliance Verification

- DRAFT**
- (a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
 - (b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
 - (c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
 - (d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
 - (e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

**RENEWABLE WATER RESOURCES
M E M O R A N D U M**

May 22, 2023

TO: Board of Commissioners
FROM: Thomas Brooks, Controller
CC: Cathy Caldwell, CFO
SUBJECT: Series 2023C SRF Loan

On December 19, 2022, the Commission authorized the Agency to apply to the South Carolina Water Quality Revolving Fund Authority (the "State Authority") for a loan from the Fund for the Lower Reedy Digester Complex Project for rehabilitation of the existing Digester Number 1 to include installation of a new fixed steel cover and a linear motion mixing system and rehabilitation of the existing control building with a new heat exchanger and secondary hot water pump, grinder, sludge recirculation pumps, and digester gas safety equipment. On April 18, 2023, the State Authority conditionally approved the Loan. Details of the Series 2023C SRF loan are as follows:

Series	2023C
Project	Lower Reedy WRF Digester Improvements – Phase 2
Principal	\$10,775,250
Closing Date	TBD
Term	20 quarterly installments commencing on April 1 st , 2025
Interest Rate	1.00%
Structure	Installment loan

Staff recommends that the Board adopt the 2023C Series Resolution authorizing the execution and delivery of the Loan Agreement and Note, and authorizing the execution and delivery by, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of the 2023C Series Resolution.

A SERIES RESOLUTION

APPROVING THE FINANCING OF SEWER SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING TEN MILLION SEVEN HUNDRED SEVENTY-EIGHT THOUSAND TWO HUNDRED THIRTY-ONE DOLLARS (\$10,778,231), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN RENEWABLE WATER RESOURCES, SOUTH CAROLINA AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM RENEWABLE WATER RESOURCES, SOUTH CAROLINA TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

2023C SERIES RESOLUTION

Adopted May 22, 2023

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Exhibit A – Form of Loan Agreement A-1

**BE IT RESOLVED BY THE RENEWABLE WATER RESOURCES COMMISSION,
IN A MEETING DULY ASSEMBLED, AS FOLLOWS:**

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings of Fact.

Incident to the adoption of this series resolution (this “**2023C Series Resolution**”), the Renewable Water Resources Commission (the “**Commission**”), the governing body of Renewable Water Resources, South Carolina (the “**Issuer**”), has made the following findings:

(a) The Issuer is a special purpose district created by Act No. 362 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1925, as amended, and is empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina 1976, as amended (the “**Act**”) to: (i) undertake a wastewater treatment and disposal project as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C. §§1381 *et seq.*; (ii) make application for and to receive assistance from the South Carolina Water Quality Revolving Fund Authority (the “**State Authority**”); (iii) comply with regulations relating to the receipt and disposition of money from the State Water Pollution Control Revolving Fund (the “**Fund**”) created by the Act; (iv) apply for and receive state grants; (v) enter into loan agreements; and (vi) comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, permits the incurrence of debt for the purpose of financing facilities for the furnishing of sewer treatment services and permits the securing of such indebtedness with a pledge of the revenues upon the system from which such revenues are derived.

(c) The Commission has determined that, in order for the Issuer to adequately serve its customers, it is necessary to undertake certain modifications and improvements to its sewer system (the “**System**”). The project consists of the design, construction, and equipping of the Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2 described in the hereinafter defined Loan Agreement (the “**Project**”). Upon completion, the Project will be a part of and will constitute a portion of the System.

(d) The Commission previously adopted a resolution authorizing an application to the State Authority for a loan from the Fund (the “**Loan**”).

(e) On April 18, 2023, the State Authority, upon review of the Issuer’s loan application, conditionally approved the Loan.

(f) The Loan is to be made and secured pursuant to a loan agreement between the Issuer and the State Authority (the “**Loan Agreement**”), the form of which is attached hereto as Exhibit A, and a promissory note executed and delivered by the Issuer, registered in the name of the State Authority (the “**Note**”), the form of which is attached as Appendix E to the Loan Agreement. Pursuant to the Loan Agreement, the Issuer will agree to use the proceeds of the Loan only to pay

the actual eligible costs of the Project, and, if deemed prudent by the Issuer, capitalized interest on the Note pursuant to the terms of the Loan Agreement; the Issuer will also agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. To secure its obligations, the Issuer will grant to the State Authority a pledge of, and a lien upon that portion of the Gross Revenues of the System (as defined in the Bond Resolution, which term is defined herein below) which remain after payment of all Operation and Maintenance Expenses (as defined in the Bond Resolution) (the “**Pledged Revenues**”). Upon any failure of the Issuer to make any payments to the State Authority pursuant to the Loan Agreement or the Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to provisions of the Act, such amount from the State appropriations to which the Issuer may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

- (g) The Commission is adopting this 2023C Series Resolution in order to:
- (1) authorize the execution and delivery of, on behalf of the Issuer, the Loan Agreement and the Note;
 - (2) evidence the approval of the Project and the Loan by the Commission; and
 - (3) authorize the execution and delivery by, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this 2023C Series Resolution.

(h) The Commission has made a general provision for the issuance of Sewer System Revenue Bonds of the Issuer by a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” dated June 14, 2010 (the “**Bond Resolution**”). This 2023C Series Resolution constitutes a Series Resolution under the Bond Resolution and the Note shall be considered a Series of Bonds under the Bond Resolution. Terms used here and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

(i) Pursuant to the Bond Resolution, the Issuer has Outstanding the following Series of Bonds (collectively, the “**Outstanding Bonds**”):¹

¹ It is anticipated that at the time of the Date of Issue of the Note, the Issuer will also have issued its: (i) not exceeding \$8,246,000 Sewer System Revenue Bond, Series 2023A (State Water Pollution Control Revolving Fund, Loan Number X1-257-22-370-113)(Lower Reedy Water Resource Recovery Facility Odor Control Improvements) (the “**2023A Bond**”); (ii) not exceeding \$3,488,161 Sewer System Revenue Bond, Series 2023B (State Water Pollution Control Revolving Fund, Loan Number X1-260-23-370-101)(FY19 Gravity Sewer and Manhole Rehabilitation) (the “**2023B Bond**”); and (iii) not exceeding \$6,280,044 Sewer System Revenue Bond, Series 2023D (State Water Pollution Control Revolving Fund, Loan Number X1-262-23-370-111)(FY22 Gravity Sewer and Manhole Rehabilitation) (the “**2023D Bond**”, and together with the 2023A Bond and 2023B Bond, collectively, the “**2023 Bonds**”). The 2023 Bonds shall also be issued on a parity with the Note and the Outstanding Bonds.

- (1) the now outstanding \$4,520,000 principal amount of the \$13,465,000 original principal amount Sewer System Refunding Revenue Bond, Series 2015A, dated October 7, 2015;
- (2) the now outstanding \$3,779,633 principal amount of the \$4,572,731 final principal amount Sewer System Revenue Bond, Series 2016A (State Water Pollution Control Revolving Fund, Loan Number X1-175-16-370-67) (FY 15/16 Gravity Sewer and Manhole Rehabilitation), dated March 25, 2016;
- (3) the now outstanding \$11,703,261 principal amount of the \$13,807,197 final principal amount Sewer System Revenue Bond, Series 2016B (State Water Pollution Control Revolving Fund, Loan Number X1-176-16-370-66) (Richland Creek Trunk Sewer Improvements), dated March 25, 2016;
- (4) the now outstanding \$2,387,000 principal amount of the \$11,736,000 original principal amount Sewer System Refunding Revenue Bond, Series 2017A, dated March 14, 2017;
- (5) the now outstanding \$1,217,126 principal amount of the \$1,529,876 final principal amount Sewer System Revenue Bond, Series 2017B (State Water Pollution Control Revolving Fund, Loan Number X1-194-17-370-69) (FY 17 Gravity Sewer and Manhole Rehabilitation), dated December 4, 2017;
- (6) the now outstanding \$3,911,418 principal amount of the \$42,690,718 original principal amount Sewer System Revenue Bond, Series 2017C (State Water Pollution Control Revolving Fund, Loan Number 1-195-17-370-85) (Reedy River Basin Sewer Tunnel), dated December 4, 2017;
- (7) the now outstanding \$25,055,000 principal amount of the \$25,055,000 original principal amount Sewer System Revenue Bonds, Series 2018A, dated October 11, 2018;
- (8) the now outstanding \$1,047,169 principal amount of the \$1,242,265 final principal amount Sewer System Revenue Bond, Series 2019A (State Water Pollution Control Revolving Fund, Loan Number X1-205-18-370-97) (FY 18 Gravity Sewer and Manhole Rehabilitation), dated May 17, 2019;
- (9) the now outstanding \$14,081,848 principal amount of the \$15,343,433 final principal amount Sewer System Revenue Bond, Series 2019B (State Water Pollution Control Revolving Fund, Loan Number 1-206-18-370-84) (Lower Reedy Water Resource Recovery Facility Digester Capacity Evaluation and Improvements), dated May 17, 2019;
- (10) the now outstanding \$11,377,115 principal amount of the \$12,540,156 final principal amount Sewer System Revenue Bond, Series 2019C (State Water

Pollution Control Revolving Fund, Loan Number X1-211-18-370-99) (Rock Creek Interceptor Upgrade), dated May 17, 2019;

- (11) the now outstanding \$9,684,946 principal amount of the \$10,664,665 original principal amount Sewer System Revenue Bond, Series 2020B (State Water Pollution Control Revolving Fund, Loan Number X1-226-20-370-98) (Unity Park Trunk Sewer Improvements Project), dated May 19, 2020;
- (12) the now outstanding \$17,965,000 principal amount of the \$22,445,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020C, dated October 6, 2020;
- (13) the now outstanding \$7,355,000 principal amount of the \$23,730,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020D (Federally Taxable), dated October 6, 2020;
- (14) the now outstanding \$3,128,521 principal amount of the \$3,261,948 original principal amount Sewer System Revenue Bond, Series 2021A (State Water Pollution Control Revolving Fund, Loan Number X1-236-20-370-107) (Peppertree Pump Stations #1 and #2 Elimination Project), dated June 30, 2021;
- (15) the now outstanding \$2,193,960 principal amount of the \$2,187,570 original principal amount Sewer System Revenue Bond, Series 2021B (State Water Pollution Control Revolving Fund, Loan Number X1-239-21-370-105) (Simpsonville B Pump Station Elimination Project), dated June 30, 2021; and
- (16) the now outstanding \$120,000,000 principal amount of the \$120,000,000 original principal amount Sewer System Revenue Bond, Series 2022A (the "2022A Bond"), dated September 8, 2022.²

(j) The proceeds of the Loan secured by the Note are necessary to provide funds to be used and expended for the purpose of expanding and improving the System, which purposes are permitted by Section 4.01(A)(1) of the Bond Resolution. The Commission further specifies and determines as follows:

- (i) the period of usefulness of the System is not less than twenty-five (25) years.
- (ii) the Date of Issue of the Note shall be the date that the Note is executed and delivered as provided in Section 3.01 of this 2023C Series Resolution;
- (iii) the principal amount of the Note shall not exceed Ten Million Seven Hundred Seventy-Eight Thousand Two Hundred Thirty-One Dollars (\$10,778,231), plus capitalized interest, if any; the exact principal amount (exclusive of capitalized interest) to be

² The 2022A Bond was issued as a variable rate draw down obligation that accrues interest only on principal advanced, from the date advanced. As of May 22, 2023, \$54,689,680 has been advanced.

determined at the final disbursement of the Loan by the State Authority and Section 4.01 herein;

(iv) the date of the final payment of principal of the Note shall be as set forth in the Loan Agreement and shall not exceed 20 years from the First Payment Due Date (as defined therein);

(v) the Note is to be issued for the purpose of providing funds to defray all or a portion of the costs of the Project;

(vi) the Note shall be designated “Renewable Water Resources, South Carolina Sewer System Revenue Bond, Series 2023C” and such designation may further include the loan number provided by the State Authority and a description of the purpose of the Loan;

(vii) the Note shall be sold to the State Authority in accordance with the Act;

(viii) the Note shall be numbered and lettered as provided in the form of the Note attached to the Loan Agreement;

(ix) the dates for payment of principal of the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(x) the Note shall bear interest at the rate set forth in the Loan Agreement per annum; the Note shall not be subject to any Interest Rate Swap Agreement;

(xi) the dates for payment of interest on the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(xii) the redemption prices and dates applicable to the Note shall be as set forth in the Loan Agreement and the Note;

(xiii) the Trustee (as defined in Section 2.03 herein) shall serve as Trustee, Paying Agent and Registrar for the Note;

(xiv) the Note shall be issued as a single term bond, payable by way of approximately equal, amortized payments as set forth in the Loan Agreement;

(xv) the Note, the form of which is attached as Appendix E to the Loan Agreement, shall be issued as a single bond in the denomination of the principal amount thereof;

(xvi) the Note shall not be issued in book-entry form as permitted by Section 4.18 of the Bond Resolution;

(xvii) the Reserve Requirement for the Note shall be as set forth in Section 3.02 hereof;

(xviii) the proceeds of the Note shall be applied as set forth in the Loan Agreement;

(xix) the Series 2023C Debt Service Fund shall be established as a Debt Service Fund under the Bond Resolution as set forth in Section 2.03 of this 2023C Series Resolution, but because the State Authority will hold the proceeds of the Note until such time as they are requisitioned for costs, no construction fund shall be established;

(xx) the Series 2023C Debt Service Reserve Fund shall be established as a Debt Service Reserve Fund under the Bond Resolution as set forth in Section 2.03 of this 2023C Series Resolution;

(xxi) the Issuer has not been notified of the occurrence of any Event of Default under the Bond Resolution, nor is it aware of any such occurrence; and

(xxii) none of the Outstanding Bonds have a Reserve Requirement.

* * *

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ARTICLE II

AUTHORIZATION OF THE LOAN AND ESTABLISHMENT OF FUNDS

Section 2.01 Authorization of Loan.

The Commission hereby authorizes the Issuer's acceptance of the Loan from the State Authority in an amount not exceeding \$10,778,231, plus capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement.

Section 2.02 Repayment of Loan by Issuer.

The Commission hereby authorizes the repayment of the Loan by the Issuer to the State Authority from the Pledged Revenues, or if said revenues are not sufficient, from state appropriations as the Issuer may become entitled to, pursuant to and in accordance with the provisions of the Loan Agreement and the Note.

Section 2.03 Establishment of Funds.

There shall be established by the Chief Financial Officer (as defined in the Bond Resolution and Section 4.01 herein) a Series 2023C Debt Service Fund and a Series 2023C Debt Service Reserve Fund, each to be held by U.S. Bank National Association, as Trustee (the "*Trustee*"), and maintained in accordance with the provisions of the Bond Resolution and the Loan Agreement.

ARTICLE III

**LOAN AGREEMENT AND NOTE; FUNDING THE
SERIES 2023C DEBT SERVICE RESERVE FUND**

Section 3.01 Authorization of Loan Agreement and the Note.

The Loan Agreement, in substantially the form attached hereto as Exhibit A, and the Note, in substantially the form attached to the Loan Agreement as Appendix E, with such changes as the Chairman of the Commission (the “**Chairman**”) shall approve (his execution to be conclusive evidence of such approval) are hereby approved, and the execution and delivery of the Loan Agreement and the Note on behalf of the Issuer are hereby authorized and directed. The Loan Agreement and the Note shall be dated as of the Date of Issue, which is expected to be not later than June 30, 2023; however, such Date of Issue may be subject to change in the sole discretion of the Chairman.

The Loan Agreement and the Note shall be executed on behalf of the Issuer by the Chairman or the Chief Executive Officer of the Issuer (the “**CEO**”), and attested by the Secretary/Treasurer of the Commission (the “**Secretary**”) or the Chief Financial Officer. In connection with the Loan, the CEO and the Chief Financial Officer are each expressly delegated authority to undertake all actions and approvals granted to the Chairman and the Secretary, respectively.

Section 3.02 Provision for Funding of the Series 2023C Debt Service Reserve Fund.

The Chief Financial Officer is hereby authorized to cause the satisfaction of such Reserve Requirement by funding the Series 2023C Debt Service Reserve Fund with cash or cash equivalents as authorized by the Bond Resolution and as further provided for in the Loan Agreement. If required to be funded, the Issuer, acting through the Trustee, will maintain the Reserve Requirement in accordance with the provisions of the Bond Resolution and the Loan Agreement.

* * *

ARTICLE IV

MISCELLANEOUS

Section 4.01 Other Instruments and Actions.

In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this 2023C Series Resolution and the agreements and actions herein authorized, the Chairman, the CEO, the Chief Financial Officer and the Secretary are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as the Chairman shall deem necessary or desirable. Additionally, the Chief Financial Officer is authorized to cause satisfaction of any such fees or expenses as may be required to close the Note. For the purposes herein and as defined in the Bond Resolution, the “*Chief Financial Officer*” is that employee of the Issuer holding the title of Chief Financial Officer.

Section 4.02 Resolution a Contract.

This 2023C Series Resolution shall constitute a contract between the Issuer and the State Authority, and shall be enforceable as such against the Issuer.

Section 4.03 Effective Date.

This 2023C Series Resolution shall become effective upon adoption by the Commission.

Section 4.04 Continuing Disclosure.

The Issuer covenants to file with the State Authority and with a central repository for availability in the secondary bond market when requested:

- (1) an annual independent audit, within thirty days of the Issuer’s receipt of the audit; and
- (2) event specific information within thirty (30) days of an event adversely affecting more than five percent of the Issuer’s customer base.

In the event the Issuer fails to comply with the requirements of this Section 4.04, the only remedy shall be an action of specific performance.

* * *

DONE, RATIFIED AND ADOPTED this 22nd day of May 2023.

**RENEWABLE WATER RESOURCES,
SOUTH CAROLINA**

(SEAL)

Chairman
Renewable Water Resources Commission

Attest:

Secretary/Treasurer
Renewable Water Resources Commission

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EXHIBIT A

FORM OF THE LOAN AGREEMENT

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LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

RENEWABLE WATER RESOURCES

Dated

_____, 2023

DRAFT

relating to

Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

South Carolina Water Pollution Control Revolving Fund

Loan Number: X1-261-23-370-108

No. ____ of Two Executed Original Counterparts

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "*Agreement*") is entered into as of the ___ day of _____, 2023, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the "*Authority*") and RENEWABLE WATER RESOURCES, a special purpose district in the State of South Carolina (the "*Project Sponsor*").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "*Act*") to administer the South Carolina Water Pollution Control Revolving Fund (the "*Fund*") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code as amended; and

WHEREAS, the South Carolina Department of Health and Environmental Control (the "*Department*") is authorized by the Act to, among other things, develop a priority system and prepare an annual plan to ensure compliance with the Federal Water Pollution Control Act; and

WHEREAS, the Authority is authorized by the Act to enter into Loan Agreements (as defined in the Act) with Project Sponsors in order to finance Projects (as defined in the Act); and

WHEREAS, the Act authorizes Project Sponsors, among other things, to undertake Projects, to receive assistance in the financing of such Projects by way of loans made from the Fund and to enter into loan agreements providing for the repayment of amounts received from the Fund, together with interest thereon; and

WHEREAS, the Project Sponsor proposes to acquire and construct the facilities described in Appendix "A" hereto (the "*Project*"), which Project will be part of the Project Sponsor's sewer system (the "*System*"); and

WHEREAS, the Project Sponsor proposes to finance the Project with a loan made from the Fund, such loan to be pursuant to, and on a parity with debt previously issued under, a resolution adopted by the Project Sponsor on June 14, 2010 entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" (the "*Bond Resolution*");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

SECTION 1.1. Loan Made and Accepted; Repayment. In consideration of the mutual promises of this Agreement, and upon and subject to its terms and conditions, the Authority agrees to make, and the Project Sponsor agrees to accept, the loan herein provided for (the "**Loan**"). The obligation of the Project Sponsor to repay the Loan and interest thereon is evidenced by this Agreement and a promissory note (the "**Note**") registered in the name of the Authority. The amount of the Loan (the "**Loan Amount**"), the interest rate on the Loan and the repayment schedule with respect to the Loan (the "**Repayment Schedule**") shall be as set forth in Appendix "B" hereto, as may be changed or modified pursuant to Section 1.4 hereof; the terms and form of the Note are set forth in Appendix "E". The Project Sponsor shall make payments with respect to the Loan at the times and in the amounts set forth in Appendix "B", as modified, on the due date of any such payment.

SECTION 1.2. Purpose Limited to Project. The Project Sponsor shall use the proceeds of the Loan only to pay the actual eligible costs of the Project. The Project is described in Appendix "A" and more specifically as approved in the Project files of the Department. Except to the extent otherwise approved in writing by the Authority, only the costs shown in the Project budget set forth in Appendix "A" shall be allowed and only in the amounts provided for each category. Costs of construction shall be allowed only for work called for in plans and specifications approved by the Department. Proceeds may not be used to pay for labor performed by employees of the Project Sponsor but may be used to pay for materials installed by them.

SECTION 1.3. Disbursements.

1.3.1. The Authority shall make and the Project Sponsor shall accept full or partial disbursements only against incurred actual eligible costs up to the Loan Amount and by category as provided in this Agreement.

1.3.2. For purposes of making requests for disbursement and representing the Project Sponsor in all administrative matters pertaining to administration of this Agreement, the Project Sponsor shall designate a single officer or employee (the "**Sponsor Representative**") prior to the first disbursement request.

1.3.3. When the Project Sponsor has paid the incurred Project costs and is seeking reimbursement for payment of such costs previously paid by the Project Sponsor, or when the Project Sponsor is seeking funds with which to pay incurred Project costs, disbursement from the Fund shall be remitted to the Project Sponsor via a check or an electronic funds transfer based on how the Project Sponsor is set up with the State Treasurer's Office to receive payments.

1.3.4. Before any disbursement, the Project Sponsor shall execute any documents requested by the Authority reasonably necessary or convenient to the foregoing and shall have satisfied all conditions of Section 1.6 hereof.

1.3.5. Requests for disbursement may be made only after the costs for which the draw is requested have been incurred. The Project Sponsor may not request a disbursement until all construction contracts are signed. The first request for disbursement submitted by the Project Sponsor pursuant to this Agreement shall include an amount for incurred construction costs and all amounts requested by the Project Sponsor for payment or reimbursement of amounts set forth in any of the categories "Planning and Design Engineering", "Land Acquisition", and "Legal and Appraisal Fees" which appear in the Project Budget in Appendix "A" hereto. The Project Sponsor shall not request disbursement against retainage until retainage is paid and shall not request disbursement for change orders unless such change orders have been approved by the Department. Unless the Authority otherwise approves, when the Project budget indicates that the Loan shall bear only a portion of the eligible costs of the Project, or a portion of certain itemized costs, any draw shall not exceed the same proportion of such costs reported for disbursement.

1.3.6. Requests for disbursement shall be made on forms of the Department unless the Authority or Department otherwise directs, and shall be accompanied by such invoices and other proofs as the Authority and Department may reasonably require. The final disbursement shall not be released until the Department issues its approval to place the Project into operation (the "*Permit to Operate*"). No disbursement requests will be accepted more than one hundred eighty (180) days after the date of such Permit to Operate.

1.3.7. The Authority may require that each draw request be submitted to the Authority and Department at least twenty-one (21) days before the day disbursement is needed and may limit draw requests to one per month. The Authority will exert its best efforts to disburse funds in response to a draw request within twenty-one (21) days of receiving such request, but no assurance is given by the Authority that such schedule will be met and the Authority shall incur no liability to any Project Sponsor. Processing disbursements on shorter notice or faster schedule shall not amend this provision.

SECTION 1.4. Changes in Payment Initiation Date, the Loan Amount and Repayment Schedule.

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the "*Payment Initiation Date*") is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in eighty (80) equal, or substantially equal, quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule may be changed but only as provided in the following Section 1.4.2. The

Interest Rate is fixed for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

1.4.2. (a) At the written request of the Project Sponsor, submitted to the Authority no later than sixty (60) days prior to the original Payment Initiation Date in Appendix "B", the Payment Initiation Date may be extended once by the Authority to any date not later than the earlier to occur of (i) six (6) months from the original Payment Initiation Date in Appendix "B", or (ii) thirty (30) months from the first day of the month following the date of this Agreement, or (iii) the first day of the month following the date of the Permit to Operate issued by the Department for the operation of the Project.

(b) In the event the Permit to Operate the Project is issued by the Department more than one (1) month prior to the Payment Initiation Date stated in Appendix "B", the Authority may require that either the Payment Initiation Date be accelerated to the first day of the month following the date of the Permit to Operate, or the term of the Loan be shortened by a minimum of three (3) months.

(c) The Project Sponsor may request that the Loan Amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the Fund. Any such request shall be submitted in writing to the Authority by the Project Sponsor not less than thirty (30) days prior to the Payment Initiation Date.

(d) The Authority or the Project Sponsor may initiate a reduction to the Loan Amount at any time there is a determination that a lesser amount is required for completion of the Project.

(e) The initial Repayment Schedule with respect to the Loan set forth in Appendix "B" shall be modified to reflect (i) changes in the Loan Amount, (ii) extension or acceleration of the Payment Initiation Date, and (iii) any other modification thereto agreed to by the Authority and the Project Sponsor.

(f) Modification of the Repayment Schedule resulting from a change in the Loan Amount subsequent to the Payment Initiation Date shall be made such that:

- (i) at the time of final disbursement pursuant to Section 1.3 the Authority shall determine the final Loan Amount;
- (ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in eighty (80) equal, or substantially equal, quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and
- (iii) any difference between the amount theretofore paid by the Project Sponsor prior to the revision of the Repayment Schedule and the amount which would have been paid had the revised schedule been in effect from and after the Payment Initiation Date shall be credited against the next payment, or payments, due under the revised Repayment Schedule.

(g) For purposes of the Repayment Schedule, any amounts disbursed subsequent to the Payment Initiation Date shall be considered to have been advanced on the Payment Initiation Date.

1.4.3. Any change in the Loan Amount, extension or acceleration of the Payment Initiation Date or modification of the Repayment Schedule shall be documented administratively by notice under this Agreement and shall be reflected in the substitution of a revised Appendix "B" hereto reflecting any such change or modification. In connection with any such change or modification, the Authority may, but need not, impose new terms and conditions, including cancellation of the Note and execution of a new Note.

SECTION 1.5. Deadline for Borrowing and Termination of Promise to Lend. The Authority, in its sole discretion, may terminate its promise to lend all of, or any unadvanced portion of, the Loan Amount which has not been advanced if:

1.5.1. The Project Sponsor has not entered into all construction contracts applicable to the Project within six (6) months of the date of this Agreement;

1.5.2. The Project Sponsor does not request disbursement of the unborrowed balance of the Loan Amount on or before the one hundred eightieth (180) day following the date of the Permit to Operate issued by the Department for the Project;

1.5.3. An Event of Default (as defined in Section 5.1 hereof) occurs (in which event the remedies for default likewise shall be available); or

1.5.4. A circumstance arises or becomes known which, in the Authority's sole discretion and opinion, (a) substantially impairs the ability of the Project Sponsor to complete the Project, to operate the Project or to repay the Loan, or (b) substantially impairs the merit of the Project.

SECTION 1.6. Conditions Precedent to Disbursement of Loan Proceeds. In addition to any other conditions herein provided, the Authority's obligation hereunder to make disbursements from the Fund for advances on the Loan shall be subject to satisfaction of the following conditions:

1.6.1. The Project Sponsor's representations and warranties shall remain true and correct;

1.6.2. No Event of Default shall have occurred under this Agreement or the Note;

1.6.3. The Project Sponsor has complied with the requirements of Sections 1.3, 1.4 and 1.5;
and

1.6.4. There shall be on deposit in any debt service reserve fund required by this Agreement the amount required at such time to be on deposit therein.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

The Project Sponsor represents and warrants to the Authority as follows:

SECTION 2.1. Status of Project Sponsor. The Project Sponsor is a special purpose district in the State of South Carolina (the "*State*"), authorized to acquire and construct the Project and to operate the Project and provide wastewater treatment/stormwater services.

SECTION 2.2. Financial Statements. The financial statements of the Project Sponsor delivered to the Authority are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles for units of government, consistently applied, and fairly present the respective financial condition of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in the financial conditions reflected in the statements since their date and no additional borrowing has been made by the Project Sponsor since then other than borrowing specifically disclosed and approved by the Authority. All other information submitted by the Project Sponsor in support of its application for this Loan is true and correct as of the date of this Agreement, and no material adverse change with respect to the Project Sponsor has occurred.

SECTION 2.3. Pending Litigation. There are no actions, suits or proceedings, at law or in equity, in court or before any governmental or administrative agency, either pending or to the knowledge of the Project Sponsor reasonably to be considered threatened, which may impair the validity or enforceability of the Note or this Agreement or the Project Sponsor's ability to repay the Loan or to construct and operate the Project to revenue.

SECTION 2.4. No Conflicting Transactions. Consummation of the transactions hereby contemplated and performance of this Agreement will not result in any breach of, or constitute a default under, any deed to secure debt, mortgage, deed of trust, indenture, security agreement, lease, bank loan or credit agreement, municipal charter, ordinances, contracts or other instruments to which the Project Sponsor is a party or by which it may be bound or affected.

SECTION 2.5. Ownership of Premises. The Project Sponsor owns in fee simple the real property which presently constitutes or which will constitute the main operating facilities of the Project and of the System as a whole, and further owns in fee simple or by sufficient easement the real property upon, across or under which the Project Sponsor has or will have its collection or trunk lines, manholes, pump stations and the like, including those to be a part of the Project and otherwise. Property of which the Project Sponsor has taken possession pursuant to Section 28-2-90 of the South Carolina Eminent Domain Procedure Act (Title 28, Chapter 2, Code of Laws of South Carolina, 1976, as amended), and in connection with which no action pursuant to Section 28-2-470 of such statute has been instituted within thirty (30) days of the condemnation notice with respect to such property, shall be deemed owned in fee simple by the Project Sponsor pursuant to this Section 2.5. The Project Sponsor has good record title to

the real property described above (or has possession pursuant to the Eminent Domain Procedure Act, as described above) with only such exceptions of record as do not limit the fee simple ownership and do not and will not interfere with the full use and enjoyment of the premises by the Project Sponsor. With respect to the personal property and fixtures of the Project Sponsor necessary or convenient to the System and its operation, and excepting certain permitted capital leases secured by such equipment as collateral, there are no liens or other claims of record against such property or other evidence of adverse ownership, and the Project Sponsor owns such personal property and fixtures in fee simple without conflicting claim of ownership.

SECTION 2.6. Other Project Arrangements. The Project Sponsor has secured the utilities, access, governmental approvals and other arrangements reasonably to be considered necessary for the undertaking of the Project.

SECTION 2.7. No Construction Default. Neither the Project Sponsor nor its contractor, architect or engineer for the Project or any related project is in default of any agreement respecting the Project or a related project.

SECTION 2.8. No Default. There is no default on the part of the Project Sponsor under this Agreement or the Note, and no event has occurred and is continuing, which, with notice or the passage of time would constitute a default under any part of this Agreement or the Note.

SECTION 2.9. Effect of Draw Requests. Each request for and acceptance of disbursement by the Project Sponsor shall be affirmation that the representations and warranties of this Agreement remain true and correct as of the date of the request and acceptance, that no breach of other provisions hereof has occurred, and that no adverse developments affecting the financial condition of the Project Sponsor or its ability to complete the Project or to repay the Loan plus interest thereon have occurred since the date of this Agreement unless specifically disclosed in writing by the Project Sponsor in the request for disbursement. Unless the Authority is notified to the contrary, such affirmations shall continue thereafter.

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

3.1.1 The Project Sponsor should not execute construction contracts or issue the notice to proceed with respect to the Project prior to receiving written approval from the Department to award construction contracts.

3.1.2 The Project Sponsor shall provide and maintain competent and adequate engineering supervision and continuous inspection of the Project to ensure that the construction conforms with the plans and specifications approved by the Department. A monthly inspection report shall accompany each disbursement request.

3.1.3 The Project Sponsor shall cause the Scope of Work identified in Appendix "A" to be completed pursuant to the Project Schedule also defined in Appendix "A" hereto. The Project Sponsor shall require all contractors to satisfactorily complete all work within the time stated in the executed construction contract. Extension of any contract completion date requires the Department's approval. Any costs incurred as a result of a time extension which has not received approval by the Department shall not be eligible for Loan participation.

3.1.4 The Project Sponsor shall pay all costs to complete the Project not covered by the Loan and commits itself to complete the construction of the operable treatment works and to complete the treatment system of which this Project is a part.

SECTION 3.2. Disbursements. The Project Sponsor shall receive and promptly disburse the funds to be provided hereunder as trust funds for the purpose of paying the eligible costs of the Project and for no other purpose.

SECTION 3.3. Release of Responsibility. The Project Sponsor shall undertake the Project on its own responsibility and, to the extent permitted by law, shall release and hold harmless the Authority, the Department, the State and their officers, members and employees from any claim arising in connection with the design, construction or operation of the Project or any other aspect of the System including any matter due solely to their negligence.

SECTION 3.4. Other Agreements. The Project Sponsor shall comply with all terms and conditions of any construction contracts, architectural or engineering agreements, trust indentures, security deeds, promissory notes, loan agreements, or the like affecting the Project, the premises of the System and its operation. The Project Sponsor shall require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract. The requirement of such bonds shall be for the convenience of the Authority only and shall not be an undertaking by the Authority to the Project Sponsor or any third party.

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and System in accordance with generally accepted accounting principles (GAAP), including financial, statistical, property, and supporting documentation. All accounting records shall be kept using GAAP accounting, and applying all relevant Government Accounting Standards Board (GASB) pronouncements, including GASB Statement No. 34 relating to the reporting of infrastructure assets.

3.5.2. Audit. Within six (6) months of the end of each fiscal year of the Project Sponsor, the Project Sponsor shall tender to the Authority an annual financial audit by a certified public accountant. The conduct of the audit and the audit shall be in accordance with Generally Accepted Auditing Standards as defined in Government Auditing Standards, Comptroller General of the United States, December 1, 2011, and revisions, updates or successors thereto.

SECTION 3.6. Ratings from Rating Agencies. If the Reserve Requirement, as defined in Section 4.2.1 herein, is initially, or at any time during the term of the Loan, set at a level that is less than the maximum amount due on the Note during any full calendar year, the Project Sponsor shall submit to the Authority a copy of its latest long-term, unenhanced underlying rating, affirmation thereof, and any new or updated credit report on the System and/or any Parity Debt, as defined in Section 4.3.2 herein, from S&P Global Ratings, or its respective successor and assigns, ("**S&P**") or Moody's Investors Service, Inc., or its respective successors and assigns, ("**Moody's**"), and from each, if both S&P and Moody's issued ratings. Additionally, the Project Sponsor shall immediately notify, and submit to, the Authority any commentaries, updated outlooks/reports, CreditWatch placements, ratings changes or downgrades, or other actions from S&P and/or Moody's with respect to the System and/or any Parity Debt.

SECTION 3.7. Insurance. The Project Sponsor covenants and agrees that so long as any amount remains unpaid on the Note:

(A) It will insure and at all times keep the portion of the System located above ground insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in an amount equal to the replacement cost of the Project;

(B) It will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the Project Sponsor against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System;

(C) All insurance policies shall be open to the inspection of the Authority at any reasonable time; and

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied

to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the General Revenue Fund established pursuant to the Bond Resolution.

SECTION 3.8. Compliance with Governmental Authority. The Project Sponsor shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project or the System.

SECTION 3.9. Adequate Rates. The Project Sponsor shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System as shall be sufficient to meet the requirements of this Agreement, and the Project Sponsor specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

3.9.1. To provide for the punctual payment of the principal of and interest on the Note and any other indebtedness of the Project Sponsor payable from revenues of the System that may from time to time hereafter be outstanding;

3.9.2. To maintain any Debt Service Reserve Fund required by this Agreement in accordance with the provisions hereof;

3.9.3. To provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order;

3.9.4. To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order; and

3.9.5. To discharge all other obligations imposed by the Act, by this Agreement and by the Bond Resolution.

The Project Sponsor further covenants and agrees that it shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System which, together with other income, are reasonably expected to yield Gross Revenues in each fiscal year in at least the amount necessary to equal 100% of all amounts required for Sections 3.9.2 through 3.9.5 and annual Net Earnings, as defined in the Bond Resolution, in any fiscal year equal to the greater of (i) one hundred ten percent (110%) of the annual principal and interest on all debt paid from or secured by revenues of the System; or (ii) such other percentage of the annual principal and interest on all debt secured by revenues of the System as the Project Sponsor shall have covenanted that its Net Earnings would meet with respect to other outstanding indebtedness and obligations of the System.

SECTION 3.10. Review of Rates. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will review the adequacy of its rates and charges to comply with the

requirements of this Agreement promptly upon any material changes in circumstances, but not less frequently than once in each fiscal year of the Project Sponsor. The Project Sponsor shall submit any adjustments to its rates and charges to the Authority immediately upon adoption.

SECTION 3.11. Disclosure of Events to Authority. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will submit to the Authority event specific information within thirty (30) days of an event adversely affecting more than five (5) percent of revenues of the System and any other information which is otherwise required to be released to a municipal bond information repository service. Failure to timely submit such information shall not be deemed an event of default under the Bond Resolution or this Agreement.

SECTION 3.12. Procurement Requirements. The Project Sponsor shall comply with all procurement requirements of law and, to the extent compliance herewith does not contravene any provision of law applicable to the Project Sponsor, shall comply with the procurement requirements set forth in Appendix "C" hereto.

SECTION 3.13. Inspection and Information. On reasonable notice, the Authority or the Department shall have for its own convenience and benefit and without obligation to the Project Sponsor or any third party, the right to audit the books and records of the Project Sponsor as they may pertain to or affect the System and this Agreement and to enter upon the premises to inspect the Project. The Project Sponsor shall cause its architects, engineers, contractors, and auditors to cooperate during such inspections including making available any documents, records, reports or other materials pertinent to the Project and the inspection. The Project Sponsor shall comply with all reasonable requests by the Authority or the Department for information pertaining to the Project Sponsor's compliance with this Agreement.

SECTION 3.14. Consent to Changes. Without consent of the Authority and Department, the Project Sponsor shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project or the System. The Project Sponsor shall not divide the Project into component projects in order or in effect, so as to defeat the provisions of this Agreement. The Project Sponsor covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, mortgage or otherwise encumber the Project, the System or the revenues derived therefrom during the term of this Agreement, except as provided for herein or in the Bond Resolution, without the express prior written approval of the Authority.

SECTION 3.15. Additional Covenants. The Project Sponsor further covenants and agrees that:

3.15.1. Neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for herein or in the Bond Resolution;

3.15.2. It will permit no free service to be rendered, or use to be made of the services and facilities of the System and for the services and facilities of the System used by the Project Sponsor, the

reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the Project Sponsor shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

3.15.3. It will permit no customer to be connected to the System, or to receive any service afforded by the System, unless such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force; and

3.15.4. So long as any amount due with respect to the Note is unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State, and the Project Sponsor hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner authorized herein or in the Bond Resolution and, except as permitted by the Bond Resolution, it will not sell, lease or dispose of any portion of the System, necessary or useful, and the Project Sponsor further obligates itself and covenants and agrees with the Authority to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Agreement.

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ARTICLE IV
ESTABLISHMENT OF FUNDS AND
DISPOSITION OF REVENUES

SECTION 4.1. Establishment of Gross Revenue Fund, Debt Service Fund, and Operation and Maintenance Fund. Beginning on the first day of the month following the delivery of the Note, except with respect to the Debt Service Fund, and continuing until all amounts due with respect to the Note have been paid in full, the following funds shall be established and maintained:

4.1.1. The Project Sponsor shall establish a Gross Revenue Fund, defined as the General Revenue Fund in the Bond Resolution, into which shall be placed all receipts, income and revenue that the Project Sponsor shall derive, directly or indirectly, from the ownership of the System. Moneys in the Gross Revenue Fund may be withdrawn on order of the Project Sponsor, but shall be made use of only in the manner and in the order of priority specified in the Bond Resolution and in Section 4.3 hereof.

4.1.2. Beginning in the month of the Payment Maturity Date, the Project Sponsor shall provide for the establishment of a Series 2023C Debt Service Fund (the "*Debt Service Fund*") as a means of providing for the payment of the principal and interest on the Note as the same shall fall due. Moneys in the Debt Service Fund shall be used solely to pay the principal of and interest on the Note, and for no other purpose. The Debt Service Fund shall be kept in the complete custody and control of the Trustee, as defined in Section 4.4 herein and as established under the Bond Resolution. Withdrawals from the Debt Service Fund shall be made only by the Trustee who shall transmit to the Authority the sums required to pay principal and interest on the Note.

4.1.3. The Project Sponsor shall establish an Operation and Maintenance Fund in order to provide for the payment of all expenses incurred in connection with the administration and operation of the System, and such expenses may be reasonably necessary to preserve the System in good repair and working order.

4.1.4. In the event the Project Sponsor shall have established funds analogous to, or serving the purpose of, the funds required to be established by this Article IV, such funds may be continued and employed for the purposes of this Agreement, and the Project Sponsor shall not be required to establish duplicate funds.

SECTION 4.2. Establishment and Funding of Debt Service Reserve Fund.

4.2.1. Based on the Project Sponsor's receipt of a long-term underlying rating on the System and/or any Parity Debt in at least the "A" category from S&P or Moody's respectively, and from each, if both S&P and Moody's issued ratings, and the submission of such with its Loan application to the Authority, the Debt Service Reserve Fund requirement with respect to the Note (the "*Reserve Requirement*") shall initially equal zero and shall continue to be zero subject to provisions of the

following Section 4.2.2. At such time as the Reserve Requirement is greater than zero as provided in Section 4.2.2, the Project Sponsor shall fund a Series 2023C Debt Service Reserve Fund (the "*Debt Service Reserve Fund*") to provide a reserve for payment of principal of and interest on the Note.

4.2.2. (a) The Reserve Requirement shall continue to be zero if the Project Sponsor fully complies with all requirements of Section 3.6 herein for submitting S&P/Moody's ratings/affirmations/credit reports and for immediately providing any other rating agency actions related to the System and/or any Parity Debt, and all such ratings are maintained in at least the "A" category.

(b) If there is no longer any current rating or if either the S&P or Moody's rating is downgraded below the "A" category, the Reserve Requirement shall immediately increase to the maximum annual amount due on the Note, and the Project Sponsor shall meet the new requirement within one year through twelve (12) equal monthly deposits, beginning in the month following any such downgrade or loss of the rating for the System and/or any Parity Debt.

(c) In the event the Reserve Requirement is ever increased as provided in Section 4.2.2 (b) above due to a ratings downgrade or loss and the credit rating is subsequently upgraded to the level established in Section 4.2.2 (a), then the Reserve Requirement shall revert to zero and any excess money in the Debt Service Reserve Fund shall be applied as provided in Section 4.4.3 hereof.

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes.

4.2.4. Prior to the delivery of this Agreement to the Authority, the Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.1, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement. In the event that the Reserve Requirement shall increase due to an increase in the Loan Amount pursuant to Section 1.4.2(c), the Project Sponsor shall immediately deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.2, funds in an amount equal to such increase in the Reserve Requirement.

SECTION 4.3. Disposition of Revenues. All revenues derived from the operation of the System shall be deposited in the Gross Revenue Fund. Beginning in the month following the delivery of this Agreement with respect to payments pursuant to Sections 4.3.1 and 4.3.3 to 4.3.6, inclusive, and beginning in the month of the Payment Initiation Date with respect to payments pursuant to Section 4.3.2, withdrawals from the Gross Revenue Fund shall be made each month in the following order of priority:

4.3.1. There shall be deposited into the Operation and Maintenance Fund that sum which has been currently determined by the Project Sponsor to be the cost of operating and maintaining the System for the next ensuing month and any amount required for an operational reserve.

4.3.2. The monthly fraction of the next payment of principal and interest to become due on the Note on the next succeeding payment date shall be deposited in the Debt Service Fund. Simultaneously with making the monthly deposit in the Debt Service Fund required by this Section 4.3.2, the Project Sponsor shall deposit (a) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2015A (the "**2015A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2015A Revenue Bonds; (b) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-175-16-370-67 from the Fund (the "**2016A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016A Revenue Bond; (c) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-176-16-370-66 from the Fund (the "**2016B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016B Revenue Bond; (d) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bond, Series 2017A (the "**2017A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017A Revenue Bond; (e) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-194-17-370-69 from the Fund (the "**2017B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017B Revenue Bond; (f) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-195-17-370-85 from the Fund (the "**2017C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017C Revenue Bond; (g) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bonds, Series 2018A (the "**2018A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2018A Revenue Bonds; (h) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-205-18-370-97 from the Fund (the "**2019A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019A Revenue Bond; (i) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-206-18-370-84 from the Fund (the "**2019B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019B Revenue Bond; (j) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-211-18-370-99 from the Fund (the "**2019C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019C Revenue Bond; (k) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-226-20-370-98 from the Fund (the "**2020B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2020B Revenue Bond; (l) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2020C (the "**2020C Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020C Revenue Bonds; (m) in a fund for the

payment of amounts due with respect to the Project Sponsor's Federally Taxable Sewer System Refunding Revenue Bonds, Series 2020D (the "**2020D Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020D Revenue Bonds; (n) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-236-20-370-107 from the Fund (the "**2021A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021A Revenue Bond; (o) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-239-21-370-105 from the Fund (the "**2021B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021B Revenue Bond; and (p) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bond, Series 2022A (the "**2022A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2022A Revenue Bond; (q) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-257-22-370-113 from the Fund (the "**2023A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023A Revenue Bond; (r) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-260-23-370-101 from the Fund (the "**2023B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023B Revenue Bond; (s) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number 1-262-23-370-101 from the fund (the "**2023D Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023D Revenue Bond (t) into a fund or funds for the payment of amounts due with respect to any obligations of the Project Sponsor (the "**Obligations**") secured by a pledge of revenues on a parity with the pledge securing the Note, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, the 2022A Revenue Bond, the 2023A Revenue Bond, the 2023B Revenue Bond, and the 2023D Revenue Bond, the monthly fraction or fractions of the next payment or payments due on any such Obligation or Obligations. The 2012 Revenue Bonds, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond, the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, 2022A Revenue Bond, the 2023A Revenue Bond, the 2023B Revenue Bond, the 2023D Revenue Bond, and the Obligations are hereinafter sometimes referred to as "**Parity Debt**". In the event amounts available for payments into the funds with respect to the Note and all Parity Debt are not sufficient to make all payments then required to be made, such available amounts shall be deposited into such funds on a pro rata basis.

4.3.3. (a) In the event any amounts shall be withdrawn from the Debt Service Reserve Fund in order to provide for payment of any amounts due with respect to the Note, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount of any such withdrawal and such deposits with respect to any such withdrawal shall begin in the month following such withdrawal and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(b) In the event the Reserve Requirement for the Debt Service Reserve Fund is increased pursuant to any provision of Section 4.2.2 herein, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount necessary to fully meet the Reserve Requirement, and such deposits shall begin in the month following a ratings downgrade or loss and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal such increased Reserve Requirement.

(c) If the value of the Debt Service Reserve Fund is ever less than the Reserve Requirement, other than as provided in (a) or (b) above, or as provided in Section 4.2.4 with respect to any increase in the Loan Amount, there shall be deposited in the Debt Service Reserve Fund not less than one-fourth (1/4) of an amount equal to the total Reserve Requirement deficiency, beginning in the month following such a determination. Such deposits shall continue to be made until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(d) Nothing in this Section 4.3.2 (a), (b) or (c) shall preclude the Project Sponsor from fully funding the Reserve Requirement in a more timely fashion than so prescribed.

4.3.4. If, in any month for any reason, the Project Sponsor shall fail to pay all or any part of the money it has herein agreed to pay into said Debt Service Fund or Debt Service Reserve Fund, the amount of any such deficiency shall be added to and shall become a part of the amount due and payable into said Debt Service Fund or Debt Service Reserve Fund in the next succeeding month.

4.3.5. Provision shall then be made for payment of interest on amounts advanced by the provider of any DSRF Funding Instrument, as defined in the Bond Resolution.

4.3.6. Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Note and all Parity Debt in the order of priority contemplated by the proceedings authorizing their issuance.

4.3.7. Any revenues remaining after the foregoing deposits have been made shall be disposed of for any lawful purpose in such manner as the Project Sponsor shall from time to time determine.

SECTION 4.4. Concerning the Debt Service Fund and the Debt Service Reserve Fund. The Debt Service Fund created pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund created pursuant to Section 4.2 hereof shall be established with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (the "*Trustee*") chosen by the Project Sponsor with the written approval

of the Authority. The Debt Service Fund and the Debt Service Reserve Fund, if required to be funded, shall be held and administered by the Trustee in accordance with the provisions of the Bond Resolution and the following provisions of this Section 4.4. The Trustee shall acknowledge and accept its duties and responsibilities with respect to the Debt Service Fund and the Debt Service Reserve Fund, if funded, in one or more written instruments delivered to the Authority with this Agreement.

4.4.1. The Trustee shall notify the Authority in writing of the date of the initial amount deposited into the Debt Service Fund for purposes of the Note, and the initial amount deposited for the Debt Service Reserve Fund, if required to be funded. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the Debt Service Fund or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. If the Reserve Requirement is greater than zero, the Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the Debt Service Fund by the Project Sponsor, the Trustee shall transmit to the Authority an electronic fund transfer or check made payable to "Office of Local Government - SRF" in the amount, and at the time, required by the Agreement and Note. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is zero, the Trustee shall immediately notify the Project Sponsor of the amount to be transmitted to the Trustee for the payment then due. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is greater than zero, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, any money in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the direction of the Project Sponsor in Authorized Investments, as defined in the Bond Resolution. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess shall, at the direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve Fund and deposited into the Gross Revenue Fund.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the Debt Service Fund and the Debt Service Reserve Fund, if funded, to the Project Sponsor upon the

receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

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ARTICLE V
EVENTS OF DEFAULT

SECTION 5.1. Events of Default. The following occurrences shall constitute Events of Default hereunder:

(A) The Project Sponsor fails to comply with any of the covenants, terms and conditions made in this Agreement;

(B) The Project Sponsor fails to pay any amount due on the Note at the time and in the manner provided in the Note and this Agreement;

(C) Any representation, warranty or statement made by the Project Sponsor in this Agreement or in connection with it or the Loan shall be or become untrue, incorrect or misleading in any material respect;

(D) The Project Sponsor makes an assignment for benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions for appointment of a receiver or trustee for any substantial part of its property or is the subject of such a petition or commences or has commenced against it or its property (a) any similar proceeding under any bankruptcy law or other debtor-relief or similar law or (b) any foreclosure of any mortgage or similar implementation of a trust indenture or like instrument;

(E) Dissolution of the existence of the Project Sponsor;

(F) Construction of the Project is not carried out with reasonable dispatch, ceases and is not resumed for forty-five (45) days or more abandoned; and

(G) The Authority reasonably suspects the occurrence of any default or Event of Default by the Project Sponsor, and following request by the Authority, the Project Sponsor fails to provide evidence reasonably satisfactory to the Authority that such default or Event of Default has not in fact occurred.

ARTICLE VI

REMEDIES

SECTION 6.1. Acceleration. Upon the occurrence of an Event of Default, the principal balance of the Note may be declared immediately due and payable in the manner prescribed by and in accordance with the terms of the Bond Resolution. In such event, there shall be due and payable on the Note an amount equal to the total principal amount outstanding on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment.

SECTION 6.2. Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, and subject to the limitations of the Bond Resolution, the Authority may proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to

(A) Requiring the Project Sponsor to carry out its duties and obligations under the terms of this Agreement and under the Act;

(B) Suit upon all or any part of the Note;

(C) Civil action to require the Project Sponsor to account as if it were the trustee of an express trust for the Authority;

(D) Civil action to enjoin any act or thing which may be unlawful or in violation of the rights of the Authority; and

(E) Enforcement of any other right of the Authority including the right to make application for the appointment of a receiver to administer and operate the System.

SECTION 6.3. Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 6.4. Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Project Sponsor shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII

SECURITY

SECTION 7.1. Pledge of Revenues. For the payment of the Note and as security for its other obligations under this Agreement, the Project Sponsor hereby grants to the Authority a pledge of, and lien upon, that portion of the Gross Revenues of the System (as defined in the Bond Resolution) as shall remain after payment of all Operation and Maintenance Expenses. Such pledge and lien upon the revenues shall be on a parity in all respects to the pledge and lien securing any Parity Debt and shall at all times and in all respects be and remain superior to any pledges made to secure any other obligations of the Project Sponsor payable from the revenues of the System except to the extent otherwise agreed to in writing by the Authority. Parity Debt may be issued only in compliance with Article IV of the Bond Resolution or, if the Bond Resolution is no longer in effect, only with the prior written approval of the Authority.

SECTION 7.2. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to the provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

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ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 8.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in a National Pollutant Discharge Elimination System permit (the "*NPDES Permit*"). It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

SECTION 8.2. Standard Conditions. The Project Sponsor acknowledges and agrees to comply with the following Federal and/or State requirements:

(A) The Project Sponsor shall provide access to the Project work whenever it is in preparation or progress and provide proper facilities for access and inspection. The Project Sponsor shall allow the Regional Administrator of the Environmental Protection Agency, the Comptroller General of the United States, the Department and the Authority, or any authorized representative to have access to any books, documents, plans, reports, papers, and other records of the contractor which are pertinent to the Project for the purpose of making audit, examination, excerpts, copies, and transcriptions.

(B) Pursuant to requirements of the Federal Water Pollution Control Act, as amended on June 10, 2014 (the "*Federal Act*"), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act. See Attachment #1.

(C) The Project Sponsor shall not presently be debarred for noncompliance with Federal Law and shall not award contracts to any firm that is presently debarred for noncompliance with Federal Law where the contract amount equals or exceeds the federal small purchase procurement threshold.

(D) The Project shall comply with "American Iron and Steel" provisions, as set forth in the Federal Act and related American Iron and Steel implementation guidance, requiring that all of the iron and steel products used in the Project be produced in the United States unless a waiver is granted by the U.S. Environmental Protection Agency. The Project Sponsor shall require all bidders to comply with the American Iron and Steel provisions.

(E) Pursuant to requirements of Section 603(d)(1)(E) of the Federal Act, the Project Sponsor of a project involving the repair, replacement or expansion of a publicly owned treatment works shall develop and implement a fiscal sustainability plan ("*FSP*") or certify that it has developed and implemented such a plan. Sponsors with an existing and implemented FSP shall certify to that effect before the loan closing date. Sponsors developing an FSP must submit a certification that an FSP has been developed, and will be implemented, by the date of the final loan disbursement.

ARTICLE IX
GENERAL CONDITIONS

SECTION 9.1. No Waiver. No disbursements shall waive any provision of this Agreement or the Note or preclude the Authority from declaring a default if the Project Sponsor is unable to satisfy any such provisions or perform hereunder.

SECTION 9.2. Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority.

SECTION 9.3. Evidence. Any condition of this Agreement which requires a submission of evidence of the existence or nonexistence of facts shall imply as a condition the existence or nonexistence, as the case may be, of such fact or facts, and the Authority shall at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or nonexistence.

SECTION 9.4. No Beneficiaries. All conditions of the obligations of the Authority to make disbursements are imposed solely and exclusively for its benefit, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of such compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

SECTION 9.5. Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the convenience of the Authority and Department only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority or Department of responsibility for design or construction.

SECTION 9.6. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other party hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to the Project Sponsor:

Renewable Water Resources
561 Mauldin Road
Greenville, South Carolina 29607

Attention: Chief Executive Officer

If to the Authority:

South Carolina Water Quality Revolving Fund
Authority
c/o Office of Local Government - SRF
South Carolina Rural Infrastructure Authority
1201 Main Street
Suite 1600
Columbia, South Carolina 29201

Attention: Patricia A. Comp

Each party may notify the other by the same process of any change of such address. Loan requests and disbursements and other routine loan administration may be conducted by regular mail.

SECTION 9.7. No Joint Venture, Etc. The Authority is not a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Project Sponsor. The Authority shall not be in any way liable or responsible by reason of the provisions hereof, to the Project Sponsor or any third party, for the payment of any claims in connection therewith.

SECTION 9.8. Assignment. This Agreement may not be assigned by the Project Sponsor without the prior written consent of the Authority. The Authority may assign the Note and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

SECTION 9.9. Entire Agreement. This Agreement and the Note contain the entire terms of this Agreement and transaction. They may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

SECTION 9.10. Continuity. This Agreement shall be binding upon the legal representatives, successors and assigns of each party and shall inure to their benefit; provided, however, that nothing herein said shall be deemed to limit any restriction on assignment imposed upon the Project Sponsor.

SECTION 9.11. South Carolina Contract. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

SECTION 9.12. Limitations on Remedies by Project Sponsor. No action shall be commenced by the Project Sponsor against the Authority for any claim under this Agreement unless notice thereof specifically setting forth the claim shall have been given to the Authority within thirty (30) days after the occurrence of the event or omission which the Project Sponsor alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim. Liability of the Authority to the Project Sponsor for any breach of the terms of this Agreement shall not exceed a sum equal to the amount which the Authority shall have failed to disburse in consequence of a breach by the Authority of its obligations under this Agreement. Upon the making of any such payment by the Authority to the Project Sponsor, it shall be treated as a disbursement under this Agreement.

SECTION 9.13. Counterparts. This Agreement is executed in two counterparts, which are separately numbered, but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

SECTION 9.14. Appendices. The appendices attached to this Agreement are a part of it.

SECTION 9.15. Special Conditions. The Statements of Special Conditions in Appendix "D" shall govern the matters they address.

SECTION 9.16. Time of Essence. Time is of the essence of this Agreement.

SECTION 9.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

DRAFT

IN WITNESS WHEREOF, the Project Sponsor and the Authority have caused these presents to be signed, sealed and delivered all as of the date hereof.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

(SEAL)

By: _____

Name: _____

Title: _____

Attest:

Its: _____

DRAFT

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____

Bonnie Ammons, Director,
Office of Local Government,
South Carolina Rural Infrastructure Authority

SCOPE OF WORK

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

Loan Number: X1-261-23-370-108

Rehabilitation of the existing Digester Number 1 to include installation of a new fixed steel cover and a linear motion mixing system. Rehabilitation of the existing control building with a new heat exchanger and secondary hot water pump, grinder, sludge recirculation pumps, and digester gas safety equipment.

DRAFT

PROJECT BUDGET

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

Loan Number: X1-261-23-370-108

<u>ITEM</u>	<u>CWSRF LOAN</u>	<u>TOTAL ELIGIBLE COSTS</u>
Planning and Design Engineering	\$ 560,665	\$ 560,665
Construction	9,208,000	9,208,000
Construction Inspection and Engineering	1,009,566	<u>1,009,566</u>
Total	\$ 10,778,231	\$10,778,231

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SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

Loan Number: X1-261-23-370-108

ACTION

DATE

Bid Opening

November 22, 2022

Contract Execution

February 28, 2023

Notice to Proceed

April 1, 2023

Start of Construction

April 2023

DHEC Permit to Operate

December 31, 2024

DRAFT

SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

Loan Number: X1-261-23-370-108

Loan Amount: \$10,778,231

Payment Initiation Date: January 1, 2025

Interest Rate: 1.40% per annum

First Payment Due Date: April 1, 2025

- (1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check or electronic funds transfer for each disbursement and accrued interest only shall be due on the Payment Initiation Date.
- (2) Repayment of the principal and interest shall be in 80 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.
- (3) Repayment shall be in 79 equal installments in the amount of One Hundred Fifty-Four Thousand Seven Hundred Two and 97/100 Dollars (\$154,702.97) each, followed by one final installment in the amount of One Hundred Fifty-Four Thousand Seven Hundred Three and 11/100 Dollars (\$154,703.11).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

Loan Number: X1-261-23-370-108

Loan Amount: \$10,778,231

.35% Loan Closing Fee: \$37,724

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents. Such fee is not reimbursable through the Loan.

DRAFT

SUBJECT TO REVISION PRIOR TO CLOSING

Project Sponsor: Renewable Water Resources

Loan Number: X1-261-23-370-108

PROCUREMENT REQUIREMENTS

Recycled Funds

- I. Prior to construction contract award, the Project Sponsor shall:
- A. Advertise the Project for a minimum of thirty (30) days in advance of bid opening using at least one of the following methods:
 - 1. Local newspapers of general circulation.
 - 2. Statewide or regional newspapers of general circulation.
 - 3. The South Carolina Business Opportunities (S-CBO).
 - B. Modify bid documents only by written addenda which require prior Department approval.
 - C. Hold a public bid opening.
 - D. Utilize competitive sealed construction bids.
 - E. Require at least a five percent (5%) bid bond or certified check.
 - F. Require one hundred percent (100%) payment and performance bonds.
 - G. Require the contractor, during construction, to provide fire, extended coverage, vandalism and malicious mischief insurance equal to the actual value of the insured property.
 - H. Follow, and require the prime contractor to follow, Davis-Bacon and Related Acts provisions.
 - I. Follow, and require the prime contractor to follow, American Iron and Steel Provisions.
 - J. If other funding sources are included which have stricter bidding requirements or if applicable Federal, State or local laws or ordinances have stricter requirements, these stricter requirements govern.
 - K. After bid opening, provide the Department with the following:
 - 1. Project Construction Summary For Recycled Projects (DHEC Form #1295).
 - 2. A certified copy of the advertisement with date(s) of publication.
 - 3. Detailed bid tabulation certified by Project Sponsor's engineer.
 - 4. Proposal of successful bidder(s).
 - 5. Bid bond with associated Power of Attorney.
 - 6. Engineer's award recommendation of low bidder(s) to Project Sponsor. If the award is recommended to other than the low bidder(s), provide justification for decision.
 - 7. Certified copy of Project Sponsor's tentative award resolution listing the proposed contractor(s) and contractor amount(s).
 - 8. Davis-Bacon wage rate(s) used in bidding the project.
 - 9. A copy of the proposed prime contractor's Bidders American Iron and Steel Certification (DHEC Form 2556).
 - 10. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$25,000.

11. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.
 - L. Receive Department approval to award the construction contract(s).
- II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
- A. Executed contract documents.
 - B. Notice to Proceed.
 - C. Monthly Construction Inspection Reports.
 - D. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
 - E. American Iron and Steel Certification (DHEC Form #0962) with each draw request.
- III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
- A. Need for the change.
 - B. Clear description of the change.
 - C. Cost and pricing data.
 - D. Documentation of negotiation.
 - E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

DRAFT

SPECIAL CONDITIONS

Project Sponsor: Renewable Water Resources

Project Name: Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2

Loan Number: X1-261-23-370-108

None.

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STATE OF SOUTH CAROLINA
COUNTIES OF GREENVILLE, ANDERSON,
LAURENS, AND SPARTANBURG

**PROMISSORY NOTE TO SOUTH CAROLINA
WATER QUALITY REVOLVING FUND AUTHORITY FOR
SOUTH CAROLINA WATER POLLUTION CONTROL
REVOLVING FUND LOAN**

RENEWABLE WATER RESOURCES, SOUTH CAROLINA
SEWER SYSTEM REVENUE BOND, SERIES 2023C

FOR VALUE RECEIVED, Renewable Water Resources, South Carolina (the "*Project Sponsor*") promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Loan Agreement (the "*Agreement*"), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number X1-261-23-370-108, Lower Reedy Water Resource Recovery Facility Disinfection Improvements – Phase 2, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "B" to the Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

The Project Sponsor may prepay the outstanding principal balance of this Note in whole or in part, together with any accrued interest thereon, at any time without penalty or premium; all such prepayments shall be applied against principal installments due on this Note in the inverse order of the maturity dates thereof.

All payments of principal and interest shall be made in money of the United States at the office of the Authority in Columbia, South Carolina, or at such place as the Authority may designate in writing, and shall be made in funds immediately available in Columbia, South Carolina.

The Project Sponsor agrees to pay at the time any such late payment hereunder is made a late charge of three percent (3%) of any payment not made on or before the tenth day of the month in which

such payment is due. Interest which accrues after maturity of this Note or after its earlier acceleration shall be due and payable upon demand.

Payments shall be applied first to any late charge, then to interest, then to principal. There is no intent for any payment to exceed any legal limit on interest, if any such legal limit applies. If an excess sum occurs, it shall be applied to principal unless the Project Sponsor elects its return in writing.

If the Project Sponsor fails to make any payment of principal or interest within thirty (30) days of the date when due, or if the Project Sponsor defaults in the performance of any of the terms, covenants or conditions of any agreement or other documents concerning this Note, including without limitation the Agreement, the Authority may declare the principal of this Note and all unpaid interest accrued on it to be due and payable immediately, without prior notice or demand to the Project Sponsor.

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payments. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 7.2 of the Agreement relating to additional security for payment of amounts due on this Note.

The Project Sponsor waives presentment for payment, demand, protest, and notice of non-payment. Neither a failure to accelerate for default nor acceptance of a past due installment shall be a novation of this Note or constitute a waiver of the right to insist upon strict compliance with it and any related agreements and documents.

The Project Sponsor shall pay all costs of collection, including but not limited to reasonable attorney's fees if the Authority endeavors to collect this Note in any manner through an attorney at law. The rights and remedies of the Authority provided in this Note are cumulative and not exclusive of any other rights and remedies afforded the Authority by law or by any other document.

This Note shall be governed by and construed and interpreted in accordance with the laws of the State of South Carolina.

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this _____ day of _____, 2023.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

[SEAL]

By: _____

Typed Name: _____

Title: _____

Attest:

Its: _____

DRAFT

CERTIFICATE OF AUTHENTICATION

This Promissory Note is the obligation issued pursuant to the Project Sponsor's Bond Resolution adopted on June 14, 2010, as authorized by the Project Sponsor's Series Resolution adopted on _____, 2023.

U. S. BANK NATIONAL ASSOCIATION, REGISTRAR

By: _____, Authorized Officer

Typed Name: _____

**Davis-Bacon Wage Rates Required Under Federal Clean Water Act
For Subrecipients (Project Sponsors)**

1. Applicability of the Davis-Bacon (DB) Prevailing Wage Requirements

Under the Federal Clean Water Act, as amended on June 10, 2014, DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

- (a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.
- (i) While the solicitation remains open, the subrecipient shall monitor <http://sam.gov/> weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or superseding DOL takes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor <http://sam.gov/> on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- (b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from <http://sam.gov/> into the ordering instrument.
- (c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- (d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$2,000. Available from the Department.

4. Contract Provisions for Contracts in Excess of \$100,000

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$100,000. Available from the Department.

5. Compliance Verification

- DRAFT**
- (a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
 - (b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
 - (c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
 - (d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
 - (e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

**RENEWABLE WATER RESOURCES
M E M O R A N D U M**

May 22, 2023

TO: Board of Commissioners
FROM: Thomas Brooks, Controller
CC: Cathy Caldwell, CFO
SUBJECT: Series 2023D SRF Loan

On March 20, 2023, the Commission authorized the Agency to apply to the South Carolina Water Quality Revolving Fund Authority (the "State Authority") for a loan from the Fund for the FY22 Gravity Sewer and Manhole Rehabilitation Project for cured-in-place pipe lining of approximately 23,700 feet of existing 8-inch to 24-inch gravity sanitary sewers, point and service lateral repairs as necessary, and rehabilitation of 33 manholes. On April 18, 2023, the State Authority conditionally approved the Loan. Details of the Series 2023D SRF loan are as follows:

Series	2023D
Project	FY22 Gravity Sewer and Manhole Rehabilitation
Principal	\$2,280,004
Closing Date	2023
Term	80 quarterly installments commencing on September 1 st , 2024
Interest Rate	1.00%
Structure	Installment loan

Staff recommends that the Board adopt the 2023D Series Resolution authorizing the execution and delivery of the Loan Agreement and Note, and authorizing the execution and delivery by, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of the 2023D Series Resolution.

A SERIES RESOLUTION

APPROVING THE FINANCING OF SEWER SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING SIX MILLION TWO HUNDRED EIGHTY THOUSAND FORTY-FOUR DOLLARS (\$6,280,044), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN RENEWABLE WATER RESOURCES, SOUTH CAROLINA AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM RENEWABLE WATER RESOURCES, SOUTH CAROLINA TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

2023D SERIES RESOLUTION

Adopted May 22, 2023

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**BE IT RESOLVED BY THE RENEWABLE WATER RESOURCES COMMISSION,
IN A MEETING DULY ASSEMBLED, AS FOLLOWS:**

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings of Fact.

Incident to the adoption of this series resolution (this “**2023D Series Resolution**”), the Renewable Water Resources Commission (the “**Commission**”), the governing body of Renewable Water Resources, South Carolina (the “**Issuer**”), has made the following findings:

(a) The Issuer is a special purpose district created by Act No. 362 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1925, as amended, and is empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina 1976, as amended (the “**Act**”) to: (i) undertake a wastewater treatment and disposal project as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C. §§1381 *seq.*; (ii) make application for and to receive assistance from the South Carolina Water Quality Revolving Fund Authority (the “**State Authority**”); (iii) comply with regulations relating to the receipt and disposition of money from the State Water Pollution Control Revolving Fund (the “**Fund**”) created by the Act; (iv) apply for and receive state grants; (v) enter into loan agreements; and (vi) comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, permits the incurrence of debt for the purpose of financing facilities for the furnishing of sewer treatment services and permits the securing of such indebtedness with a pledge of the revenues upon the system from which such revenues are derived.

(c) The Commission has determined that, in order for the Issuer to adequately serve its customers, it is necessary to undertake certain modifications and improvements to its sewer system (the “**System**”). The project consists of the design, construction, and equipping of the FY22 Gravity Sewer and Manhole Rehabilitation described in the hereinafter defined Loan Agreement (the “**Project**”). Upon completion, the Project will be a part of and will constitute a portion of the System.

(d) The Commission previously adopted a resolution authorizing an application to the State Authority for a loan from the Fund (the “**Loan**”).

(e) On April 18, 2023, the State Authority, upon review of the Issuer’s loan application, conditionally approved the Loan.

(f) The Loan is to be made and secured pursuant to a loan agreement between the Issuer and the State Authority (the “**Loan Agreement**”), the form of which is attached hereto as Exhibit A, and a promissory note executed and delivered by the Issuer, registered in the name of the State Authority (the “**Note**”), the form of which is attached as Appendix E to the Loan Agreement. Pursuant to the Loan Agreement, the Issuer will agree to use the proceeds of the Loan only to pay the actual eligible costs of the Project, and, if deemed prudent by the Issuer, capitalized interest on

the Note pursuant to the terms of the Loan Agreement; the Issuer will also agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. To secure its obligations, the Issuer will grant to the State Authority a pledge of, and a lien upon that portion of the Gross Revenues of the System (as defined in the Bond Resolution, which term is defined herein below) which remain after payment of all Operation and Maintenance Expenses (as defined in the Bond Resolution) (the “**Pledged Revenues**”). Upon any failure of the Issuer to make any payments to the State Authority pursuant to the Loan Agreement or the Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to provisions of the Act, such amount from the State appropriations to which the Issuer may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

- (g) The Commission is adopting this 2023D Series Resolution in order to:
- (1) authorize the execution and delivery of, on behalf of the Issuer, the Loan Agreement and the Note;
 - (2) evidence the approval of the Project and the Loan by the Commission; and
 - (3) authorize the execution and delivery of, and on behalf of, the Issuer of such other agreements and certificates and the taking of such other action by the Issuer and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this 2023D Series Resolution.

(h) The Commission has made general provision for the issuance of Sewer System Revenue Bonds of the Issuer by resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA AND OTHER MATTERS RELATING THERETO,” dated June 14, 2010 (the “**Bond Resolution**”). This 2023D Series Resolution constitutes a Series Resolution under the Bond Resolution and the Note shall be considered a Series of Bonds under the Bond Resolution. Terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

(i) Pursuant to the Bond Resolution, the Issuer has Outstanding the following Series of Bonds (collectively, the “**Outstanding Bonds**”):¹

¹ It is anticipated that at the time of the Date of Issue of the Note, the Issuer will also have issued its: (i) not exceeding \$8,246,000 Sewer System Revenue Bond, Series 2023A (State Water Pollution Control Revolving Fund, Loan Number X1-257-22-370-113)(Lower Reedy Water Resource Recovery Facility Odor Control Improvements) (the “**2023A Bond**”); (ii) not exceeding \$3,488,161 Sewer System Revenue Bond, Series 2023B (State Water Pollution Control Revolving Fund, Loan Number X1-260-23-370-101)(FY19 Gravity Sewer and Manhole Rehabilitation) (the “**2023B Bond**”); and (iii) not exceeding \$10,778,231 Sewer System Revenue Bond, Series 2023C (State Water Pollution Control Revolving Fund, Loan Number X1-261-23-370-108)(Lower Reedy Water Resource Recovery Facility Digester Improvements – Phase 2) (the “**2023C Bond**”, and together with the 2023A Bond and 2023B Bond, collectively, the “**2023 Bonds**”). The 2023 Bonds shall also be issued on a parity with the Note and the Outstanding Bonds.

- (1) the now outstanding \$4,520,000 principal amount of the \$13,465,000 original principal amount Sewer System Refunding Revenue Bond, Series 2015A, dated October 7, 2015;
- (2) the now outstanding \$3,779,633 principal amount of the \$4,572,731 final principal amount Sewer System Revenue Bond, Series 2016A (State Water Pollution Control Revolving Fund, Loan Number X1-175-16-370-67) (FY 15/16 Gravity Sewer and Manhole Rehabilitation), dated March 25, 2016;
- (3) the now outstanding \$11,703,261 principal amount of the \$13,807,197 final principal amount Sewer System Revenue Bond, Series 2016B (State Water Pollution Control Revolving Fund, Loan Number X1-176-16-370-66) (Richland Creek Trunk Sewer Improvements), dated March 25, 2016;
- (4) the now outstanding \$2,387,000 principal amount of the \$11,736,000 original principal amount Sewer System Refunding Revenue Bond, Series 2017A, dated March 14, 2017;
- (5) the now outstanding \$1,217,126 principal amount of the \$1,529,876 final principal amount Sewer System Revenue Bond, Series 2017B (State Water Pollution Control Revolving Fund, Loan Number X1-194-17-370-69) (FY 17 Gravity Sewer and Manhole Rehabilitation), dated December 4, 2017;
- (6) the now outstanding \$3,911,418 principal amount of the \$42,690,718 original principal amount Sewer System Revenue Bond, Series 2017C (State Water Pollution Control Revolving Fund, Loan Number 1-195-17-370-85) (Reedy River Basin Sewer Tunnel), dated December 4, 2017;
- (7) the now outstanding \$25,055,000 principal amount of the \$25,055,000 original principal amount Sewer System Revenue Bonds, Series 2018A, dated October 11, 2018;
- (8) the now outstanding \$1,047,169 principal amount of the \$1,242,265 final principal amount Sewer System Revenue Bond, Series 2019A (State Water Pollution Control Revolving Fund, Loan Number X1-205-18-370-97) (FY 18 Gravity Sewer and Manhole Rehabilitation), dated May 17, 2019;
- (9) the now outstanding \$14,081,848 principal amount of the \$15,343,433 final principal amount Sewer System Revenue Bond, Series 2019B (State Water Pollution Control Revolving Fund, Loan Number 1-206-18-370-84) (Lower Reedy Water Resource Recovery Facility Digester Capacity Evaluation and Improvements), dated May 17, 2019;
- (10) the now outstanding \$11,377,115 principal amount of the \$12,540,156 final principal amount Sewer System Revenue Bond, Series 2019C (State Water

Pollution Control Revolving Fund, Loan Number X1-211-18-370-99) (Rock Creek Interceptor Upgrade), dated May 17, 2019;

- (11) the now outstanding \$9,684,946 principal amount of the \$10,664,665 original principal amount Sewer System Revenue Bond, Series 2020B (State Water Pollution Control Revolving Fund, Loan Number X1-226-20-370-98) (Unity Park Trunk Sewer Improvements Project), dated May 19, 2020;
- (12) the now outstanding \$17,965,000 principal amount of the \$22,445,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020C, dated October 6, 2020;
- (13) the now outstanding \$7,355,000 principal amount of the \$23,730,000 original principal amount Sewer System Refunding Revenue Bonds, Series 2020D (Federally Taxable), dated October 6, 2020;
- (14) the now outstanding \$3,128,521 principal amount of the \$3,261,948 original principal amount Sewer System Revenue Bond, Series 2021A (State Water Pollution Control Revolving Fund, Loan Number X1-236-20-370-107) (Peppertree Pump Stations #1 and #2 Elimination Project), dated June 30, 2021;
- (15) the now outstanding \$2,193,960 principal amount of the \$2,187,570 original principal amount Sewer System Revenue Bond, Series 2021B (State Water Pollution Control Revolving Fund, Loan Number X1-239-21-370-105) (Simpsonville B Pump Station Elimination Project), dated June 30, 2021; and
- (16) the now outstanding \$120,000,000 principal amount of the \$120,000,000 original principal amount Sewer System Revenue Bond, Series 2022A (the "2022A Bond"), dated September 8, 2022.²

(j) The proceeds of the Loan secured by the Note are necessary to provide funds to be used and expended for the purpose of expanding and improving the System, which purposes are permitted by Section 4.01(A)(1) of the Bond Resolution. The Commission further specifies and determines as follows:

- (i) the period of usefulness of the System is not less than twenty-five (25) years.
- (ii) the Date of Issue of the Note shall be the date that the Note is executed and delivered as provided in Section 3.01 of this 2023D Series Resolution;
- (iii) the principal amount of the Note shall not exceed Six Million Two Hundred Eighty Thousand Forty-Four Dollars (\$6,280,044), plus capitalized interest, if any; the exact

² The 2022A Bond was issued as a variable rate draw down obligation that accrues interest only on principal advanced, from the date advanced. As of May 22, 2023, \$54,689,680 has been advanced.

principal amount (exclusive of capitalized interest) to be determined at the final disbursement of the Loan by the State Authority and Section 4.01 herein;

(iv) the date of the final payment of principal of the Note shall be as set forth in the Loan Agreement and shall not exceed 20 years from the First Payment Due Date (as defined therein);

(v) the Note is to be issued for the purpose of providing funds to defray all or a portion of the costs of the Project;

(vi) the Note shall be designated “Renewable Water Resources, South Carolina Sewer System Revenue Bond, Series 2023D” and such designation may further include the loan number provided by the State Authority and a description of the purpose of the Loan;

(vii) the Note shall be sold to the State Authority in accordance with the Act;

(viii) the Note shall be numbered and lettered as provided in the form of the Note attached to the Loan Agreement;

(ix) the dates for payment of principal of the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(x) the Note shall bear interest at the rate set forth in the Loan Agreement per annum; the Note shall not be subject to any Interest Rate Swap Agreement;

(xi) the dates for payment of interest on the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(xii) the redemption prices and dates applicable to the Note shall be as set forth in the Loan Agreement and the Note;

(xiii) the Trustee (as defined in Section 2.03 herein) shall serve as Trustee, Paying Agent and Registrar for the Note;

(xiv) the Note shall be issued as a single term bond, payable by way of approximately equal, amortized payments as set forth in the Loan Agreement;

(xv) the Note, the form of which is attached as Appendix E to the Loan Agreement, shall be issued as a single bond in the denomination of the principal amount thereof;

(xvi) the Note shall not be issued in book-entry form as permitted by Section 4.18 of the Bond Resolution;

(xvii) the Reserve Requirement for the Note shall be as set forth in Section 3.02 hereof;

(xviii) the proceeds of the Note shall be applied as set forth in the Loan Agreement;

(xix) the Series 2023D Debt Service Fund shall be established as a Debt Service Fund under the Bond Resolution as set forth in Section 2.03 of this 2023D Series Resolution, but because the State Authority will hold the proceeds of the Note until such time as they are requisitioned for costs, no construction fund shall be established;

(xx) the Series 2023D Debt Service Reserve Fund shall be established as a Debt Service Reserve Fund under the Bond Resolution as set forth in Section 2.03 of this 2023D Series Resolution;

(xxi) the Issuer has not been notified of the occurrence of any Event of Default under the Bond Resolution, nor is it aware of any such occurrence; and

(xxii) none of the Outstanding Bonds have a Reserve Requirement.

* * *

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ARTICLE II

AUTHORIZATION OF THE LOAN AND ESTABLISHMENT OF FUNDS

Section 2.01 Authorization of Loan.

The Commission hereby authorizes the Issuer's acceptance of the Loan from the State Authority in an amount not exceeding \$6,280,044, plus capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement.

Section 2.02 Repayment of Loan by Issuer.

The Commission hereby authorizes the repayment of the Loan by the Issuer to the State Authority from the Pledged Revenues, or if said revenues are not sufficient, from state appropriations as the Issuer may become entitled to, pursuant to and in accordance with the provisions of the Loan Agreement and the Note.

Section 2.03 Establishment of Funds.

There shall be established by the Chief Financial Officer (as defined in the Bond Resolution and Section 4.01 herein) a Series 2023D Debt Service Fund and a Series 2023D Debt Service Reserve Fund, each to be held by U.S. Bank National Association, as Trustee (the "*Trustee*"), and maintained in accordance with the provisions of the Bond Resolution and the Loan Agreement.

ARTICLE III

**LOAN AGREEMENT AND NOTE; FUNDING THE
SERIES 2023D DEBT SERVICE RESERVE FUND**

Section 3.01 Authorization of Loan Agreement and the Note.

The Loan Agreement, in substantially the form attached hereto as Exhibit A, and the Note, in substantially the form attached to the Loan Agreement as Appendix E, with such changes as the Chairman of the Commission (the “**Chairman**”) shall approve (his execution to be conclusive evidence of such approval) are hereby approved, and the execution and delivery of the Loan Agreement and the Note on behalf of the Issuer are hereby authorized and directed. The Loan Agreement and the Note shall be dated as of the Date of Issue, which is expected to be not later than June 30, 2023; however, such Date of Issue may be subject to change in the sole discretion of the Chairman.

The Loan Agreement and the Note shall be executed on behalf of the Issuer by the Chairman or the Chief Executive Officer of the Issuer (the “**CEO**”), and attested by the Secretary/Treasurer of the Commission (the “**Secretary**”) or the Chief Financial Officer. In connection with the Loan, the CEO and the Chief Financial Officer are each expressly delegated authority to undertake all actions and approvals granted to the Chairman and the Secretary, respectively.

Section 3.02 Provision for Funding of the Series 2023D Debt Service Reserve Fund.

The Chief Financial Officer is hereby authorized to cause the satisfaction of such Reserve Requirement by funding the Series 2023D Debt Service Reserve Fund with cash or cash equivalents as authorized by the Bond Resolution and as further provided for in the Loan Agreement. If required to be funded, the Issuer, acting through the Trustee, will maintain the Reserve Requirement in accordance with the provisions of the Bond Resolution and the Loan Agreement.

* * *

ARTICLE IV

MISCELLANEOUS

Section 4.01 Other Instruments and Actions.

In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this 2023D Series Resolution and the agreements and actions herein authorized, the Chairman, the CEO, the Chief Financial Officer and the Secretary are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as the Chairman shall deem necessary or desirable. Additionally, the Chief Financial Officer is authorized to cause satisfaction of any such fees or expenses as may be required to close the Note. For the purposes herein and as defined in the Bond Resolution, the “*Chief Financial Officer*” is that employee of the Issuer holding the title of Chief Financial Officer.

Section 4.02 Resolution a Contract.

This 2023D Series Resolution shall constitute a contract between the Issuer and the State Authority, and shall be enforceable as such against the Issuer.

Section 4.03 Effective Date.

This 2023D Series Resolution shall become effective upon adoption by the Commission.

Section 4.04 Continuing Disclosure.

The Issuer covenants to file with the State Authority and with a central repository for availability in the secondary bond market when requested:

- (1) an annual independent audit, within thirty days of the Issuer’s receipt of the audit; and
- (2) event specific information within thirty (30) days of an event adversely affecting more than five percent of the Issuer’s customer base.

In the event the Issuer fails to comply with the requirements of this Section 4.04, the only remedy shall be an action of specific performance.

* * *

DONE, RATIFIED AND ADOPTED this 22nd day of May 2023.

**RENEWABLE WATER RESOURCES,
SOUTH CAROLINA**

(SEAL)

Chairman
Renewable Water Resources Commission

Attest:

Secretary/Treasurer
Renewable Water Resources Commission

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EXHIBIT A

FORM OF THE LOAN AGREEMENT

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LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

RENEWABLE WATER RESOURCES

Dated

_____, 2023

DRAFT

relating to

FY22 Gravity Sewer and Manhole Rehabilitation

South Carolina Water Pollution Control Revolving Fund

Loan Number: 1-262-23-370-111

No. ____ of Two Executed Original Counterparts

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "*Agreement*") is entered into as of the ___ day of _____, 2023, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the "*Authority*") and RENEWABLE WATER RESOURCES, a special purpose district in the State of South Carolina (the "*Project Sponsor*").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "*Act*") to administer the South Carolina Water Pollution Control Revolving Fund (the "*Fund*") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code as amended; and

WHEREAS, the South Carolina Department of Health and Environmental Control (the "*Department*") is authorized by the Act to, among other things, develop a priority system and prepare an annual plan to ensure compliance with the Federal Water Pollution Control Act; and

WHEREAS, the Authority is authorized by the Act to enter into Loan Agreements (as defined in the Act) with Project Sponsors in order to finance Projects (as defined in the Act); and

WHEREAS, the Act authorizes Project Sponsors, among other things, to undertake Projects, to receive assistance in the financing of such Projects by way of loans made from the Fund and to enter into loan agreements providing for the repayment of amounts received from the Fund, together with interest thereon; and

WHEREAS, the Project Sponsor proposes to acquire and construct the facilities described in Appendix "A" hereto (the "*Project*"), which Project will be part of the Project Sponsor's sewer system (the "*System*"); and

WHEREAS, the Project Sponsor proposes to finance the Project with a loan made from the Fund, such loan to be pursuant to, and on a parity with debt previously issued under, a resolution adopted by the Project Sponsor on June 14, 2010 entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF RENEWABLE WATER RESOURCES, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" (the "*Bond Resolution*");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

SECTION 1.1. Loan Made and Accepted; Repayment. In consideration of the mutual promises of this Agreement, and upon and subject to its terms and conditions, the Authority agrees to make, and the Project Sponsor agrees to accept, the loan herein provided for (the "**Loan**"). The obligation of the Project Sponsor to repay the Loan and interest thereon is evidenced by this Agreement and a promissory note (the "**Note**") registered in the name of the Authority. The amount of the Loan (the "**Loan Amount**"), the interest rate on the Loan and the repayment schedule with respect to the Loan (the "**Repayment Schedule**") shall be as set forth in Appendix "B" hereto, as may be changed or modified pursuant to Section 1.4 hereof; the terms and form of the Note are set forth in Appendix "E". The Project Sponsor shall make payments with respect to the Loan at the times and in the amounts set forth in Appendix "B", as modified, on the due date of any such payment.

SECTION 1.2. Purpose Limited to Project. The Project Sponsor shall use the proceeds of the Loan only to pay the actual eligible costs of the Project. The Project is described in Appendix "A" and more specifically as approved in the Project files of the Department. Except to the extent otherwise approved in writing by the Authority, only the costs shown in the Project budget set forth in Appendix "A" shall be allowed and only in the amounts provided for each category. Costs of construction shall be allowed only for work called for in plans and specifications approved by the Department. Proceeds may not be used to pay for labor performed by employees of the Project Sponsor but may be used to pay for materials installed by them.

SECTION 1.3. Disbursements.

1.3.1. The Authority shall make and the Project Sponsor shall accept full or partial disbursements only against incurred actual eligible costs up to the Loan Amount and by category as provided in this Agreement.

1.3.2. For purposes of making requests for disbursement and representing the Project Sponsor in all administrative matters pertaining to administration of this Agreement, the Project Sponsor shall designate a single officer or employee (the "**Sponsor Representative**") prior to the first disbursement request.

1.3.3. When the Project Sponsor has paid the incurred Project costs and is seeking reimbursement for payment of such costs previously paid by the Project Sponsor, or when the Project Sponsor is seeking funds with which to pay incurred Project costs, disbursement from the Fund shall be remitted to the Project Sponsor via a check or an electronic funds transfer based on how the Project Sponsor is set up with the State Treasurer's Office to receive payments.

1.3.4. Before any disbursement, the Project Sponsor shall execute any documents requested by the Authority reasonably necessary or convenient to the foregoing and shall have satisfied all conditions of Section 1.6 hereof.

1.3.5. Requests for disbursement may be made only after the costs for which the draw is requested have been incurred. The Project Sponsor may not request a disbursement until all construction contracts are signed. The first request for disbursement submitted by the Project Sponsor pursuant to this Agreement shall include an amount for incurred construction costs and all amounts requested by the Project Sponsor for payment or reimbursement of amounts set forth in any of the categories "Planning and Design Engineering", "Land Acquisition", and "Legal and Appraisal Fees" which appear in the Project Budget in Appendix "A" hereto. The Project Sponsor shall not request disbursement against retainage until retainage is paid and shall not request disbursement for change orders unless such change orders have been approved by the Department. Unless the Authority otherwise approves, when the Project budget indicates that the Loan shall bear only a portion of the eligible costs of the Project, or a portion of certain itemized costs, any draw shall not exceed the same proportion of such costs reported for disbursement.

1.3.6. Requests for disbursement shall be made on forms of the Department unless the Authority or Department otherwise directs, and shall be accompanied by such invoices and other proofs as the Authority and Department may reasonably require. The final disbursement shall not be released until the Department issues its approval to place the Project into operation (the "*Permit to Operate*"). No disbursement requests will be accepted more than one hundred eighty (180) days after the date of such Permit to Operate.

1.3.7. The Authority may require that each draw request be submitted to the Authority and Department at least twenty-one (21) days before the day disbursement is needed and may limit draw requests to one per month. The Authority will exert its best efforts to disburse funds in response to a draw request within twenty-one (21) days of receiving such request, but no assurance is given by the Authority that such schedule will be met and the Authority shall incur no liability to any Project Sponsor. Processing disbursements on shorter notice or faster schedule shall not amend this provision.

SECTION 1.4. Changes in Payment Initiation Date, the Loan Amount and Repayment Schedule.

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the "*Payment Initiation Date*") is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in eighty (80) equal, or substantially equal, quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule may be changed but only as provided in the following Section 1.4.2. The

Interest Rate is fixed for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

1.4.2. (a) At the written request of the Project Sponsor, submitted to the Authority no later than sixty (60) days prior to the original Payment Initiation Date in Appendix "B", the Payment Initiation Date may be extended once by the Authority to any date not later than the earlier to occur of (i) six (6) months from the original Payment Initiation Date in Appendix "B", or (ii) thirty (30) months from the first day of the month following the date of this Agreement, or (iii) the first day of the month following the date of the Permit to Operate issued by the Department for the operation of the Project.

(b) In the event the Permit to Operate the Project is issued by the Department more than one (1) month prior to the Payment Initiation Date stated in Appendix "B", the Authority may require that either the Payment Initiation Date be accelerated to the first day of the month following the date of the Permit to Operate, or the term of the Loan be shortened by a minimum of three (3) months.

(c) The Project Sponsor may request that the Loan Amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the Fund. Any such request shall be submitted in writing to the Authority by the Project Sponsor not less than thirty (30) days prior to the Payment Initiation Date.

(d) The Authority or the Project Sponsor may initiate a reduction to the Loan Amount at any time there is a determination that a lesser amount is required for completion of the Project.

(e) The initial Repayment Schedule with respect to the Loan set forth in Appendix "B" shall be modified to reflect (i) changes in the Loan Amount, (ii) extension or acceleration of the Payment Initiation Date, and (iii) any other modification thereto agreed to by the Authority and the Project Sponsor.

(f) Modification of the Repayment Schedule resulting from a change in the Loan Amount subsequent to the Payment Initiation Date shall be made such that:

- (i) at the time of final disbursement pursuant to Section 1.3 the Authority shall determine the final Loan Amount;
- (ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in eighty (80) equal, or substantially equal, quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and
- (iii) any difference between the amount theretofore paid by the Project Sponsor prior to the revision of the Repayment Schedule and the amount which would have been paid had the revised schedule been in effect from and after the Payment Initiation Date shall be credited against the next payment, or payments, due under the revised Repayment Schedule.

(g) For purposes of the Repayment Schedule, any amounts disbursed subsequent to the Payment Initiation Date shall be considered to have been advanced on the Payment Initiation Date.

1.4.3. Any change in the Loan Amount, extension or acceleration of the Payment Initiation Date or modification of the Repayment Schedule shall be documented administratively by notice under this Agreement and shall be reflected in the substitution of a revised Appendix "B" hereto reflecting any such change or modification. In connection with any such change or modification, the Authority may, but need not, impose new terms and conditions, including cancellation of the Note and execution of a new Note.

SECTION 1.5. Deadline for Borrowing and Termination of Promise to Lend. The Authority, in its sole discretion, may terminate its promise to lend all of, or any unadvanced portion of, the Loan Amount which has not been advanced if:

1.5.1. The Project Sponsor has not entered into all construction contracts applicable to the Project within six (6) months of the date of this Agreement;

1.5.2. The Project Sponsor does not request disbursement of the unborrowed balance of the Loan Amount on or before the one hundred eightieth (180) day following the date of the Permit to Operate issued by the Department for the Project;

1.5.3. An Event of Default (as defined in Section 5.1 hereof) occurs (in which event the remedies for default likewise shall be available); or

1.5.4. A circumstance arises or becomes known which, in the Authority's sole discretion and opinion, (a) substantially impairs the ability of the Project Sponsor to complete the Project, to operate the Project or to repay the Loan, or (b) substantially impairs the merit of the Project.

SECTION 1.6. Conditions Precedent to Disbursement of Loan Proceeds. In addition to any other conditions herein provided, the Authority's obligation hereunder to make disbursements from the Fund for advances on the Loan shall be subject to satisfaction of the following conditions:

1.6.1. The Project Sponsor's representations and warranties shall remain true and correct;

1.6.2. No Event of Default shall have occurred under this Agreement or the Note;

1.6.3. The Project Sponsor has complied with the requirements of Sections 1.3, 1.4 and 1.5;
and

1.6.4. There shall be on deposit in any debt service reserve fund required by this Agreement the amount required at such time to be on deposit therein.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

The Project Sponsor represents and warrants to the Authority as follows:

SECTION 2.1. Status of Project Sponsor. The Project Sponsor is a special purpose district in the State of South Carolina (the "*State*"), authorized to acquire and construct the Project and to operate the Project and provide wastewater treatment/stormwater services.

SECTION 2.2. Financial Statements. The financial statements of the Project Sponsor delivered to the Authority are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles for units of government, consistently applied, and fairly present the respective financial condition of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in the financial conditions reflected in the statements since their date and no additional borrowing has been made by the Project Sponsor since then other than borrowing specifically disclosed and approved by the Authority. All other information submitted by the Project Sponsor in support of its application for this Loan is true and correct as of the date of this Agreement, and no material adverse change with respect to the Project Sponsor has occurred.

SECTION 2.3. Pending Litigation. There are no actions, suits or proceedings, at law or in equity, in court or before any governmental or administrative agency, either pending or to the knowledge of the Project Sponsor reasonably to be considered threatened, which may impair the validity or enforceability of the Note or this Agreement or the Project Sponsor's ability to repay the Loan or to construct and operate the Project to revenue.

SECTION 2.4. No Conflicting Transactions. Consummation of the transactions hereby contemplated and performance of this Agreement will not result in any breach of, or constitute a default under, any deed to secure debt, mortgage, deed of trust, indenture, security agreement, lease, bank loan or credit agreement, municipal charter, ordinances, contracts or other instruments to which the Project Sponsor is a party or by which it may be bound or affected.

SECTION 2.5. Ownership of Premises. The Project Sponsor owns in fee simple the real property which presently constitutes or which will constitute the main operating facilities of the Project and of the System as a whole, and further owns in fee simple or by sufficient easement the real property upon, across or under which the Project Sponsor has or will have its collection or trunk lines, manholes, pump stations and the like, including those to be a part of the Project and otherwise. Property of which the Project Sponsor has taken possession pursuant to Section 28-2-90 of the South Carolina Eminent Domain Procedure Act (Title 28, Chapter 2, Code of Laws of South Carolina, 1976, as amended), and in connection with which no action pursuant to Section 28-2-470 of such statute has been instituted within thirty (30) days of the condemnation notice with respect to such property, shall be deemed owned in fee simple by the Project Sponsor pursuant to this Section 2.5. The Project Sponsor has good record title to

the real property described above (or has possession pursuant to the Eminent Domain Procedure Act, as described above) with only such exceptions of record as do not limit the fee simple ownership and do not and will not interfere with the full use and enjoyment of the premises by the Project Sponsor. With respect to the personal property and fixtures of the Project Sponsor necessary or convenient to the System and its operation, and excepting certain permitted capital leases secured by such equipment as collateral, there are no liens or other claims of record against such property or other evidence of adverse ownership, and the Project Sponsor owns such personal property and fixtures in fee simple without conflicting claim of ownership.

SECTION 2.6. Other Project Arrangements. The Project Sponsor has secured the utilities, access, governmental approvals and other arrangements reasonably to be considered necessary for the undertaking of the Project.

SECTION 2.7. No Construction Default. Neither the Project Sponsor nor its contractor, architect or engineer for the Project or any related project is in default of any agreement respecting the Project or a related project.

SECTION 2.8. No Default. There is no default on the part of the Project Sponsor under this Agreement or the Note, and no event has occurred and is continuing, which, with notice or the passage of time would constitute a default under any part of this Agreement or the Note.

SECTION 2.9. Effect of Draw Requests. Each request for and acceptance of disbursement by the Project Sponsor shall be affirmation that the representations and warranties of this Agreement remain true and correct as of the date of the request and acceptance, that no breach of other provisions hereof has occurred, and that no adverse developments affecting the financial condition of the Project Sponsor or its ability to complete the Project or to pay the Loan plus interest thereon have occurred since the date of this Agreement unless specifically disclosed in writing by the Project Sponsor in the request for disbursement. Unless the Authority is notified to the contrary, such affirmations shall continue thereafter.

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

3.1.1 The Project Sponsor should not execute construction contracts or issue the notice to proceed with respect to the Project prior to receiving written approval from the Department to award construction contracts.

3.1.2 The Project Sponsor shall provide and maintain competent and adequate engineering supervision and continuous inspection of the Project to ensure that the construction conforms with the plans and specifications approved by the Department. A monthly inspection report shall accompany each disbursement request.

3.1.3 The Project Sponsor shall cause the Scope of Work identified in Appendix "A" to be completed pursuant to the Project Schedule also defined in Appendix "A" hereto. The Project Sponsor shall require all contractors to satisfactorily complete all work within the time stated in the executed construction contract. Extension of any contract completion date requires the Department's approval. Any costs incurred as a result of a time extension which has not received approval by the Department shall not be eligible for Loan participation.

3.1.4 The Project Sponsor shall pay all costs to complete the Project not covered by the Loan and commits itself to complete the construction of the operable treatment works and to complete the treatment system of which this Project is a part.

SECTION 3.2. Disbursements. The Project Sponsor shall receive and promptly disburse the funds to be provided hereunder as trust funds for the purpose of paying the eligible costs of the Project and for no other purpose.

SECTION 3.3. Release of Responsibility. The Project Sponsor shall undertake the Project on its own responsibility and, to the extent permitted by law, shall release and hold harmless the Authority, the Department, the State and their officers, members and employees from any claim arising in connection with the design, construction or operation of the Project or any other aspect of the System including any matter due solely to their negligence.

SECTION 3.4. Other Agreements. The Project Sponsor shall comply with all terms and conditions of any construction contracts, architectural or engineering agreements, trust indentures, security deeds, promissory notes, loan agreements, or the like affecting the Project, the premises of the System and its operation. The Project Sponsor shall require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract. The requirement of such bonds shall be for the convenience of the Authority only and shall not be an undertaking by the Authority to the Project Sponsor or any third party.

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and System in accordance with generally accepted accounting principles (GAAP), including financial, statistical, property, and supporting documentation. All accounting records shall be kept using GAAP accounting, and applying all relevant Government Accounting Standards Board (GASB) pronouncements, including GASB Statement No. 34 relating to the reporting of infrastructure assets.

3.5.2. Audit. Within six (6) months of the end of each fiscal year of the Project Sponsor, the Project Sponsor shall tender to the Authority an annual financial audit by a certified public accountant. The conduct of the audit and the audit shall be in accordance with Generally Accepted Auditing Standards as defined in Government Auditing Standards, Comptroller General of the United States, December 1, 2011, and revisions, updates or successors thereto. A Single Audit, as required by OMB under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200, Subpart F, may be necessary for each year federal funds are disbursed to the Project Sponsor under CFDA Number 66.458. If the Project Sponsor conducts a Single Audit when federal money disbursed from the Fund is less than the threshold required for such audit, the Project Sponsor shall submit to the Authority, within sixty (60) days of its completion, findings and recommendations pertaining to money from the Fund contained in such Single Audit.

SECTION 3.6. Ratings from Rating Agencies. The Reserve Requirement, as defined in Section 4.2.1 herein, is initially, or at any time during the term of the Loan, set at a level that is less than the maximum amount due on the Note during any full calendar year, the Project Sponsor shall submit to the Authority a copy of its latest long-term, unenhanced underlying rating, affirmation thereof, and any new or updated credit reports on the System and/or any Parity Debt, as defined in Section 4.3.2 herein, from S&P Global Ratings, or its respective successors and assigns, ("**S&P**") or Moody's Investors Service, Inc., or its respective successors and assigns, ("**Moody's**"), and from each, if both S&P and Moody's issued ratings. Additionally, the Project Sponsor shall immediately notify, and submit to, the Authority any commentaries, updated outlooks/reports, CreditWatch placements, ratings changes or downgrades, or other actions from S&P and/or Moody's with respect to the System and/or any Parity Debt.

SECTION 3.7. Insurance. The Project Sponsor covenants and agrees that so long as any amount remains unpaid on the Note:

(A) It will insure and at all times keep the portion of the System located above ground insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in an amount equal to the replacement cost of the Project;

(B) It will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the Project Sponsor against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System;

(C) All insurance policies shall be open to the inspection of the Authority at any reasonable time; and

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the General Revenue Fund established pursuant to the Bond Resolution.

SECTION 3.8. Compliance with Governmental Authority. The Project Sponsor shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project and the System.

SECTION 3.9. Adequate Rates. The Project Sponsor shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System as shall be sufficient to meet the requirements of this Agreement, and the Project Sponsor specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

3.9.1. To provide for the punctual payment of principal of and interest on the Note and any other indebtedness of the Project Sponsor payable from revenues of the System that may from time to time hereafter be outstanding;

3.9.2. To maintain any Debt Service Reserve Fund required by this Agreement in accordance with the provisions hereof;

3.9.3. To provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order;

3.9.4. To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order; and

3.9.5. To discharge all other obligations imposed by the Act, by this Agreement and by the Bond Resolution.

The Project Sponsor further covenants and agrees that it shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System which, together with other income, are reasonably expected to yield Gross Revenues in each fiscal year in at least the amount necessary to equal 100% of all amounts required for Sections 3.9.2 through 3.9.5 and annual Net Earnings, as defined in the Bond Resolution, in any fiscal year equal to the greater of (i) one hundred ten percent (110%) of the annual principal and interest on all debt paid from or secured by

revenues of the System; or (ii) such other percentage of the annual principal and interest on all debt secured by revenues of the System as the Project Sponsor shall have covenanted that its Net Earnings would meet with respect to other outstanding indebtedness and obligations of the System.

SECTION 3.10. Review of Rates. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will review the adequacy of its rates and charges to comply with the requirements of this Agreement promptly upon any material changes in circumstances, but not less frequently than once in each fiscal year of the Project Sponsor. The Project Sponsor shall submit any adjustments to its rates and charges to the Authority immediately upon adoption.

SECTION 3.11. Disclosure of Events to Authority. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will submit to the Authority event specific information within thirty (30) days of an event adversely affecting more than five (5) percent of revenues of the System and any other information which is otherwise required to be released to a municipal bond information repository service. Failure to timely submit such information shall not be deemed an event of default under the Bond Resolution or this Agreement.

SECTION 3.12. Procurement Requirements. The Project Sponsor shall comply with all procurement requirements of law and, to the extent compliance therewith does not contravene any provision of law applicable to the Project Sponsor, shall comply with the procurement requirements set forth in Appendix "C" hereto.

SECTION 3.13. Inspection and Information. On reasonable notice, the Authority or the Department shall have for its own convenience and benefit, and without obligation to the Project Sponsor or any third party, the right to inspect the books and records of the Project Sponsor as they may pertain to or affect the System and this Agreement and to enter upon the premises to inspect the Project. The Project Sponsor shall cause its architects, engineers, contractors, and auditors to cooperate during such inspections including making available any documents, records, reports or other materials pertinent to the Project and the inspection. The Project Sponsor shall comply with all reasonable requests by the Authority or the Department for information pertaining to the Project Sponsor's compliance with this Agreement.

SECTION 3.14. Consent to Changes. Without consent of the Authority and Department, the Project Sponsor shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project or the System. The Project Sponsor shall not divide the Project into component projects in order or in effect, so as to defeat the provisions of this Agreement. The Project Sponsor covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, mortgage or otherwise encumber the Project, the System or the revenues derived therefrom during the term of this Agreement, except as provided for herein or in the Bond Resolution, without the express prior written approval of the Authority.

SECTION 3.15. Additional Covenants. The Project Sponsor further covenants and agrees that:

3.15.1. Neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for herein or in the Bond Resolution;

3.15.2. It will permit no free service to be rendered, or use to be made of the services and facilities of the System and for the services and facilities of the System used by the Project Sponsor, the reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the Project Sponsor shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

3.15.3. It will permit no customer to be connected to the System, or to receive any service afforded by the System, unless such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force; and

3.15.4. So long as any amount due with respect to the Note is unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State, and the Project Sponsor hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner authorized herein or in the Bond Resolution and, except as permitted by the Bond Resolution, it will not sell, lease or dispose of any portion of the System, necessary or useful, and the Project Sponsor further obligates itself and covenants and agrees with the Authority to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Agreement.

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ARTICLE IV
ESTABLISHMENT OF FUNDS AND
DISPOSITION OF REVENUES

SECTION 4.1. Establishment of Gross Revenue Fund, Debt Service Fund, and Operation and Maintenance Fund. Beginning on the first day of the month following the delivery of the Note, except with respect to the Debt Service Fund, and continuing until all amounts due with respect to the Note have been paid in full, the following funds shall be established and maintained:

4.1.1. The Project Sponsor shall establish a Gross Revenue Fund, defined as the General Revenue Fund in the Bond Resolution, into which shall be placed all receipts, income and revenue that the Project Sponsor shall derive, directly or indirectly, from the ownership of the System. Moneys in the Gross Revenue Fund may be withdrawn on order of the Project Sponsor but shall be made use of only in the manner and in the order of priority specified in the Bond Resolution and in Section 4.3 hereof.

4.1.2. Beginning in the month of the Payment Maturity Date, the Project Sponsor shall provide for the establishment of a Series 2023D Debt Service Fund (the "*Debt Service Fund*") as a means of providing for the payment of the principal and interest on the Note as the same shall fall due. Moneys in the Debt Service Fund shall be used solely to pay the principal of and interest on the Note, and for no other purpose. The Debt Service Fund shall be kept in the complete custody and control of the Trustee, as defined in Section 4.4 herein and as established under the Bond Resolution. Withdrawals from the Debt Service Fund shall be made only by the Trustee who shall transmit to the Authority the sums required to pay principal and interest on the Note.

4.1.3. The Project Sponsor shall establish an Operation and Maintenance Fund in order to provide for the payment of all expenses incurred in connection with the administration and operation of the System, and such expenses may be reasonably necessary to preserve the System in good repair and working order.

4.1.4. In the event the Project Sponsor shall have established funds analogous to, or serving the purpose of, the funds required to be established by this Article IV, such funds may be continued and employed for the purposes of this Agreement, and the Project Sponsor shall not be required to establish duplicate funds.

SECTION 4.2. Establishment and Funding of Debt Service Reserve Fund.

4.2.1. Based on the Project Sponsor's receipt of a long-term underlying rating on the System and/or any Parity Debt in at least the "A" category from S&P or Moody's respectively, and from each, if both S&P and Moody's issued ratings, and the submission of such with its Loan application to the Authority, the Debt Service Reserve Fund requirement with respect to the Note (the "*Reserve Requirement*") shall initially equal zero and shall continue to be zero subject to provisions of the

following Section 4.2.2. At such time as the Reserve Requirement is greater than zero as provided in Section 4.2.2, the Project Sponsor shall fund a Series 2023D Debt Service Reserve Fund (the "**Debt Service Reserve Fund**") to provide a reserve for payment of principal of and interest on the Note.

4.2.2. (a) The Reserve Requirement shall continue to be zero if the Project Sponsor fully complies with all requirements of Section 3.6 herein for submitting S&P/Moody's ratings/affirmations/credit reports and for immediately providing any other rating agency actions related to the System and/or any Parity Debt, and all such ratings are maintained in at least the "A" category.

(b) If there is no longer any current rating or if either the S&P or Moody's rating is downgraded below the "A" category, the Reserve Requirement shall immediately increase to the maximum annual amount due on the Note, and the Project Sponsor shall meet the new requirement within one year through twelve (12) equal monthly deposits, beginning in the month following any such downgrade or loss of the rating for the System and/or any Parity Debt.

(c) In the event the Reserve Requirement is ever increased as provided in Section 4.2.2 (b) above due to a ratings downgrade or loss and the credit rating is subsequently upgraded to the level established in Section 4.2.2 (a), then the Reserve Requirement shall revert to zero and any excess money in the Debt Service Reserve Fund shall be applied as provided in Section 4.4.3 hereof.

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes.

4.2.4. Prior to the delivery of this Agreement to the Authority, the Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.1, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement. In the event that the Reserve Requirement shall increase due to an increase in the Loan Amount pursuant to Section 1.4.2(c), the Project Sponsor shall immediately deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.2, funds in an amount equal to such increase in the Reserve Requirement.

SECTION 4.3. Disposition of Revenues. All revenues derived from the operation of the System shall be deposited in the Gross Revenue Fund. Beginning in the month following the delivery of this Agreement with respect to payments pursuant to Sections 4.3.1 and 4.3.3 to 4.3.6, inclusive, and beginning in the month of the Payment Initiation Date with respect to payments pursuant to Section 4.3.2, withdrawals from the Gross Revenue Fund shall be made each month in the following order of priority:

4.3.1. There shall be deposited into the Operation and Maintenance Fund that sum which has been currently determined by the Project Sponsor to be the cost of operating and maintaining the System for the next ensuing month and any amount required for an operational reserve.

4.3.2. The monthly fraction of the next payment of principal and interest to become due on the Note on the next succeeding payment date shall be deposited in the Debt Service Fund. Simultaneously with making the monthly deposit in the Debt Service Fund required by this Section 4.3.2, the Project Sponsor shall deposit (a) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2015A (the "**2015A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2015A Revenue Bonds; (b) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-175-16-370-67 from the Fund (the "**2016A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016A Revenue Bond; (c) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-176-16-370-66 from the Fund (the "**2016B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2016B Revenue Bond; (d) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bond, Series 2017A (the "**2017A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017A Revenue Bond; (e) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-194-17-370-69 from the Fund (the "**2017B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017B Revenue Bond; (f) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-195-17-370-85 from the Fund (the "**2017C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2017C Revenue Bond; (g) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bonds, Series 2018A (the "**2018A Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2018A Revenue Bonds; (h) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-205-18-370-97 from the Fund (the "**2019A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019A Revenue Bond; (i) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-206-18-370-84 from the Fund (the "**2019B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019B Revenue Bond; (j) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-211-18-370-99 from the Fund (the "**2019C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2019C Revenue Bond; (k) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-226-20-370-98 from the Fund (the "**2020B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2020B Revenue Bond; (l) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Refunding Revenue Bonds, Series 2020C (the "**2020C Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020C Revenue Bonds; (m) in a fund for the

payment of amounts due with respect to the Project Sponsor's Federally Taxable Sewer System Refunding Revenue Bonds, Series 2020D (the "**2020D Revenue Bonds**"), the monthly fraction of the next payment of principal and interest to become due on the 2020D Revenue Bonds; (n) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-236-20-370-107 from the Fund (the "**2021A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021A Revenue Bond; (o) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-239-21-370-105 from the Fund (the "**2021B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2021B Revenue Bond; and (p) in a fund for the payment of amounts due with respect to the Project Sponsor's Sewer System Revenue Bond, Series 2022A (the "**2022A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2022A Revenue Bond; (q) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-257-22-370-113 from the Fund (the "**2023A Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023A Revenue Bond; (r) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-260-23-370-101 from the Fund (the "**2023B Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023B Revenue Bond; (s) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-262-23-370-111 from the Fund (the "**2023C Revenue Bond**"), the monthly fraction of the next payment of principal and interest to become due on the 2023C Revenue Bond (t) into a fund or funds for the payment of amounts due with respect to any obligations of the Project Sponsor (the "**Obligations**") secured by a pledge of revenues on a parity with the pledge securing the Note, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, the 2022A Revenue Bond, the 2023A Revenue Bond, the 2023B Revenue Bond, and the 2023C Revenue Bond, the monthly fraction or fractions of the next payment or payments due on any such Obligation or Obligations. The 2012 Revenue Bonds, the 2015A Revenue Bonds, the 2016A Revenue Bond, the 2016B Revenue Bond, the 2017A Revenue Bond, the 2017B Revenue Bond, the 2017C Revenue Bond, the 2018A Revenue Bonds, the 2019A Revenue Bond, the 2019B Revenue Bond, the 2019C Revenue Bond, the 2020B Revenue Bond, the 2020C Revenue Bonds, the 2020D Revenue Bonds, the 2021A Revenue Bond, the 2021B Revenue Bond, 2022A Revenue Bond, the 2023A Revenue Bond, the 2023B Revenue Bond, the 2023C Revenue Bond, and the Obligations are hereinafter sometimes referred to as "**Parity Debt**". In the event amounts available for payments into the funds with respect to the Note and all Parity Debt are not sufficient to make all payments then required to be made, such available amounts shall be deposited into such funds on a pro rata basis.

4.3.3. (a) In the event any amounts shall be withdrawn from the Debt Service Reserve Fund in order to provide for payment of any amounts due with respect to the Note, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount of any such withdrawal and such deposits with respect to any such withdrawal shall begin in the month following such withdrawal and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(b) In the event the Reserve Requirement for the Debt Service Reserve Fund is increased pursuant to any provision of Section 4.2.2 herein, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount necessary to fully meet the Reserve Requirement, and such deposits shall begin in the month following a ratings downgrade or loss and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal such increased Reserve Requirement.

(c) If the value of the Debt Service Reserve Fund is ever less than the Reserve Requirement, other than as provided in (a) or (b) above, or as provided in Section 4.2.4 with respect to any increase in the Loan Amount, there shall be deposited in the Debt Service Reserve Fund not less than one-fourth (1/4) of an amount equal to the total Reserve Requirement deficiency, beginning in the month following such a determination. Such deposits shall continue to be made until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(d) Nothing in this Section 4.3.2 (a), (b) or (c) shall preclude the Project Sponsor from fully funding the Reserve Requirement in a more timely fashion than so prescribed.

4.3.4. If, in any month for any reason, the Project Sponsor shall fail to pay all or any part of the money it has herein agreed to pay into said Debt Service Fund or Debt Service Reserve Fund, the amount of any such deficiency shall be added to and shall become a part of the amount due and payable into said Debt Service Fund or Debt Service Reserve Fund in the next succeeding month.

4.3.5. Provision shall then be made for payment of interest on amounts advanced by the provider of any DSRF Funding Instrument, as defined in the Bond Resolution.

4.3.6. Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Note and all Parity Debt in the order of priority contemplated by the proceedings authorizing their issuance.

4.3.7. Any revenues remaining after the foregoing deposits have been made shall be disposed of for any lawful purpose in such manner as the Project Sponsor shall from time to time determine.

SECTION 4.4. Concerning the Debt Service Fund and the Debt Service Reserve Fund. The Debt Service Fund created pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund created pursuant to Section 4.2 hereof shall be established with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (the "*Trustee*") chosen by the Project Sponsor with the written approval

of the Authority. The Debt Service Fund and the Debt Service Reserve Fund, if required to be funded, shall be held and administered by the Trustee in accordance with the provisions of the Bond Resolution and the following provisions of this Section 4.4. The Trustee shall acknowledge and accept its duties and responsibilities with respect to the Debt Service Fund and the Debt Service Reserve Fund, if funded, in one or more written instruments delivered to the Authority with this Agreement.

4.4.1. The Trustee shall notify the Authority in writing of the date of the initial amount deposited into the Debt Service Fund for purposes of the Note, and the initial amount deposited for the Debt Service Reserve Fund, if required to be funded. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the Debt Service Fund or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. If the Reserve Requirement is greater than zero, the Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the Debt Service Fund by the Project Sponsor, the Trustee shall transmit to the Authority an electronic fund transfer or check made payable to "Office of Local Government - SRF" in the amount, and at the time, required by the Agreement and Note. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is zero, the Trustee shall immediately notify the Project Sponsor of the amount to be transmitted to the Trustee for the payment then due. If insufficient sums exist in the Debt Service Fund for any payment then due and the Reserve Requirement is greater than zero, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, any money in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the direction of the Project Sponsor in Authorized Investments, as defined in the Bond Resolution. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess shall, at the direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve Fund and deposited into the Gross Revenue Fund.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the Debt Service Fund and the Debt Service Reserve Fund, if funded, to the Project Sponsor upon the

receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

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ARTICLE V
EVENTS OF DEFAULT

SECTION 5.1. Events of Default. The following occurrences shall constitute Events of Default hereunder:

(A) The Project Sponsor fails to comply with any of the covenants, terms and conditions made in this Agreement;

(B) The Project Sponsor fails to pay any amount due on the Note at the time and in the manner provided in the Note and this Agreement;

(C) Any representation, warranty or statement made by the Project Sponsor in this Agreement or in connection with it or the Loan shall be or become untrue, incorrect or misleading in any material respect;

(D) The Project Sponsor makes an assignment for benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions for appointment of a receiver or trustee for any substantial part of its property or is the subject of such a petition or commences or has commenced against it or its property (a) any similar proceeding under any bankruptcy law or other debtor-relief or similar law or (b) any foreclosure of any mortgage or similar instrument or a trust indenture or like instrument;

(E) Dissolution of the existence of the Project Sponsor;

(F) Construction of the Project is not carried out with reasonable dispatch, ceases and is not resumed for forty-five (45) days or more abandoned; and

(G) The Authority reasonably suspects the occurrence of any default or Event of Default by the Project Sponsor, and following request by the Authority, the Project Sponsor fails to provide evidence reasonably satisfactory to the Authority that such default or Event of Default has not in fact occurred.

ARTICLE VI

REMEDIES

SECTION 6.1. Acceleration. Upon the occurrence of an Event of Default, the principal balance of the Note may be declared immediately due and payable in the manner prescribed by and in accordance with the terms of the Bond Resolution. In such event, there shall be due and payable on the Note an amount equal to the total principal amount outstanding on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment.

SECTION 6.2. Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, and subject to the limitations of the Bond Resolution, the Authority may proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to

(A) Requiring the Project Sponsor to carry out its duties and obligations under the terms of this Agreement and under the Act;

(B) Suit upon all or any part of the Note;

(C) Civil action to require the Project Sponsor to account as if it were the trustee of an express trust for the Authority;

(D) Civil action to enjoin any act or thing which may be unlawful or in violation of the rights of the Authority; and

(E) Enforcement of any other right of the Authority including the right to make application for the appointment of a receiver to administer and operate the System.

SECTION 6.3. Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 6.4. Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Project Sponsor shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII

SECURITY

SECTION 7.1. Pledge of Revenues. For the payment of the Note and as security for its other obligations under this Agreement, the Project Sponsor hereby grants to the Authority a pledge of, and lien upon, that portion of the Gross Revenues of the System (as defined in the Bond Resolution) as shall remain after payment of all Operation and Maintenance Expenses. Such pledge and lien upon the revenues shall be on a parity in all respects to the pledge and lien securing any Parity Debt and shall at all times and in all respects be and remain superior to any pledges made to secure any other obligations of the Project Sponsor payable from the revenues of the System except to the extent otherwise agreed to in writing by the Authority. Parity Debt may be issued only in compliance with Article IV of the Bond Resolution or, if the Bond Resolution is no longer in effect, only with the prior written approval of the Authority.

SECTION 7.2. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to the provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

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ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 8.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in a National Pollutant Discharge Elimination System permit (the "*NPDES Permit*"). It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

SECTION 8.2. Standard Conditions. The Project Sponsor acknowledges and agrees to comply with the following Federal and/or State requirements:

(A) The Project Sponsor shall provide access to the Project work whenever it is in preparation or progress and provide proper facilities for access and inspection. The Project Sponsor shall allow the Regional Administrator of the Environmental Protection Agency, the Comptroller General of the United States, the Department and the Authority, or any authorized representative, to have access to any books, documents, plans, reports, papers, and other records of the Contractor which are pertinent to the Project for the purpose of making audit, examination, extracts, copies and transcriptions.

(B) Civil Rights and Labor Standards Requirements and use of Disadvantaged Business Enterprise (DBE) firms and Debarment and Suspension Prevention. (Executive Order 12549)

(1) Positive efforts shall be made by the Project Sponsor and its consultants to utilize DBE firms as sources of supplies, services and construction. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts and subcontracts to be performed utilizing Loan funds. Documentation of efforts made to utilize DBE firms shall be maintained by the Project Sponsor and its consulting firms and construction contractors and approved by the Department.

(2) The Project Sponsor shall not be presently debarred for noncompliance with Federal Law and shall not award contracts to any firm that is presently debarred for noncompliance with Federal Law where the contract amount equals or exceeds the federal small purchase procurement threshold.

(3) The Project Sponsor shall require all prime construction contractors to certify that subcontracts have not and will not be awarded to any firm that is presently debarred for noncompliance with Federal Law, where the subcontract amount is expected to equal or exceed the Federal small purchase procurement threshold.

(4) The Project Sponsor agrees to comply with all the requirements of 41 CFR Part 60-4 which implements Executive Order 11246 as amended (Equal Employment Opportunity).

(5) The Project Sponsor agrees to require all construction contractors and their subcontractors to comply with the Affirmative Action, Equal Opportunity Clause, Goals and Timetables, if the amount of the contract or subcontract is in excess of \$10,000.

(6) The Project Sponsor shall require all contractors on the Project to comply with the Department of Labor's Safety and Health Regulations for construction promulgated under the Occupational Safety and Health Act of 1970 (PL 91-956) and under Section 107 of the Contract Work Hours and Safety Standards Act (PL 91-54).

(C) The Project Sponsor shall comply with all applicable provisions of the Uniform Relocation and Real Property Acquisition Act of 1970 (PL 92-646) in regard to acquisition of real property (including easements) for the Project and any resulting relocation of persons, business and farm operations.

(D) Pursuant to requirements of the Federal Water Pollution Control Act, as amended on June 10, 2014 (the "**Federal Act**"), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act (see Attachment #1)

(E) The Project shall comply with "American Iron and Steel" provisions, as set forth in the Federal Act and related American Iron and Steel implementation guidance, requiring that all of the iron and steel products used in the Project be produced in the United States unless a waiver is granted by the U.S. Environmental Protection Agency. The Project Sponsor shall require all bidders to comply with the American Iron and Steel provisions.

(F) Pursuant to requirements of Section 603(d)(1)(E) of the Federal Act, the Project Sponsor of a project involving the repair, replacement or expansion of a publicly owned treatment works shall develop and implement a fiscal sustainability plan ("**FSP**") or certify that it has developed and implemented such a plan. Sponsors with an existing and implemented FSP shall certify to that effect before the loan closing date. Sponsors developing an FSP must submit a certification that an FSP has been developed, and will be implemented, by the date of the final loan disbursement.

(G) Pursuant to "EPA Memorandum of June 3, 2015; SUBJECT: Guidelines for Enhancing Public Awareness of SRF Assistance Agreements", the Project Sponsor shall publish the information about the project and project funding (assistance made possible in whole or in part from EPA through the State). A document entitled, "Signage to Increase Public Awareness of SRF Assistance Agreements" is posted to the Department's SRF Guidance webpage that contains information on the options that may be used to comply with the signage requirement.

ARTICLE IX
GENERAL CONDITIONS

SECTION 9.1. No Waiver. No disbursements shall waive any provision of this Agreement or the Note or preclude the Authority from declaring a default if the Project Sponsor is unable to satisfy any such provisions or perform hereunder.

SECTION 9.2. Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority.

SECTION 9.3. Evidence. Any condition of this Agreement which requires a submission of evidence of the existence or nonexistence of facts shall imply as a condition the existence or nonexistence, as the case may be, of such fact or facts, and the Authority shall at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or nonexistence.

SECTION 9.4. No Beneficiaries. All conditions of the obligations of the Authority to make disbursements are imposed solely and exclusively for its benefit, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of such compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

SECTION 9.5. Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the convenience of the Authority and Department only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority or Department of responsibility for design or construction.

SECTION 9.6. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other party hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to the Project Sponsor:

Renewable Water Resources
561 Mauldin Road
Greenville, South Carolina 29607

Attention: Chief Executive Officer

If to the Authority:

South Carolina Water Quality Revolving Fund
Authority
c/o Office of Local Government - SRF
South Carolina Rural Infrastructure Authority
1201 Main Street
Suite 1600
Columbia, South Carolina 29201

Attention: Patricia A. Comp

Each party may notify the other by the same process of any change of such address. Loan requests and disbursements and other routine loan administration may be conducted by regular mail.

SECTION 9.7. No Joint Venture, Etc. The Authority is not a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Project Sponsor. The Authority shall not be in any way liable or responsible by reason of the provisions hereof, to the Project Sponsor or any third party, for the payment of any claims in connection therewith.

SECTION 9.8. Assignment. This Agreement may not be assigned by the Project Sponsor without the prior written consent of the Authority. The Authority may assign the Note and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

SECTION 9.9. Entire Agreement. This Agreement and the Note contain the entire terms of this Agreement and transaction. They may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

SECTION 9.10. Continuity. This Agreement shall be binding upon the legal representatives, successors and assigns of each party and shall inure to their benefit; provided, however, that nothing herein said shall be deemed to limit any restriction on assignment imposed upon the Project Sponsor.

SECTION 9.11. South Carolina Contract. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

SECTION 9.12. Limitations on Remedies by Project Sponsor. No action shall be commenced by the Project Sponsor against the Authority for any claim under this Agreement unless notice thereof specifically setting forth the claim shall have been given to the Authority within thirty (30) days after the occurrence of the event or omission which the Project Sponsor alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim. Liability of the Authority to the Project Sponsor for any breach of the terms of this Agreement shall not exceed a sum equal to the amount which the Authority shall have failed to disburse in consequence of a breach by the Authority of its obligations under this Agreement. Upon the making of any such payment by the Authority to the Project Sponsor, it shall be treated as a disbursement under this Agreement.

SECTION 9.13. Counterparts. This Agreement is executed in two counterparts, which are separately numbered, but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

SECTION 9.14. Appendices. The appendices attached to this Agreement are a part of it.

SECTION 9.15. Special Conditions. The Statements of Special Conditions in Appendix "D" shall govern the matters they address.

SECTION 9.16. Time of Essence. Time is of the essence of this Agreement.

SECTION 9.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

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IN WITNESS WHEREOF, the Project Sponsor and the Authority have caused these presents to be signed, sealed and delivered all as of the date hereof.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

(SEAL)

By: _____

Name: _____

Title: _____

Attest:

Its: _____

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SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____

Bonnie Ammons, Director,
Office of Local Government,
South Carolina Rural Infrastructure Authority

SCOPE OF WORK

Project Sponsor: Renewable Water Resources

Project Name: FY22 Gravity Sewer and Manhole Rehabilitation

Loan Number: 1-262-23-370-111

Cured-in-place pipe lining of approximately 23,700 feet of existing 8-inch to 24-inch gravity sanitary sewers, point and service lateral repairs as necessary, and rehabilitation of 33 manholes.

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PROJECT BUDGET

Project Sponsor: Renewable Water Resources

Project Name: FY22 Gravity Sewer and Manhole Rehabilitation

Loan Number: 1-262-23-370-111

<u>ITEM</u>	<u>CWSRF LOAN</u>	<u>TOTAL ELIGIBLE COSTS</u>
Planning and Design Engineering	\$ 28,830	\$ 28,830
Construction	6,054,072	6,054,072
Construction Inspection and Engineering	197,142	<u>197,142</u>
Total	\$6,280,044	\$6,280,044

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SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: FY22 Gravity Sewer and Manhole Rehabilitation

Loan Number: 1-262-23-370-111

ACTION

DATE

Bid Opening

March 8, 2023

Contract Execution

March 20, 2023

Notice to Proceed

May 1, 2023

Start of Construction

May 1, 2023

Construction Completion

June 1, 2024

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SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: Renewable Water Resources

Project Name: FY22 Gravity Sewer and Manhole Rehabilitation

Loan Number: 1-262-23-370-111

Loan Amount: \$6,280,044

Payment Initiation Date: June 1, 2024

Interest Rate: 1.40% per annum

First Payment Due Date: September 1, 2024

- (1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check or electronic funds transfer for each disbursement and accrued interest only shall be due on the Payment Initiation Date.
- (2) Repayment of the principal and interest shall be in 80 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.
- (3) Repayment shall be in 79 equal installments in the amount of Ninety Thousand One Hundred Thirty-Nine and 23/100 Dollars (\$90,139.23) each, followed by one final installment in the amount of Ninety Thousand One Hundred Thirty-Nine and 46/100 Dollars (\$90,139.46).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: Renewable Water Resources

Project Name: FY22 Gravity Sewer and Manhole Rehabilitation

Loan Number: 1-262-23-370-111

Loan Amount: \$6,280,044

.35% Loan Closing Fee: \$21,980

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents. Such fee is not reimbursable through the Loan.

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SUBJECT TO REVISION PRIOR TO CLOSING

Project Sponsor: Renewable Water Resources

Loan Number: 1-262-23-370-111

PROCUREMENT REQUIREMENTS

- I. Prior to construction contract award, the Project Sponsor shall:
- A. Advertise the Project for a minimum of thirty (30) days in advance of bid opening using at least one of the following methods:
 - 1. Local newspapers of general circulation.
 - 2. MBE/WBE publications.
 - 3. Statewide or regional newspapers of general circulation.
 - 4. The South Carolina Business Opportunities (SCBO).
 - B. Modify bid documents only by written addenda, which require prior Department approval.
 - C. Hold a public bid opening.
 - D. Utilize competitive sealed construction bids.
 - E. Require at least a five percent (5%) bid bond or certified check.
 - F. Require one hundred percent (100%) payment and performance bonds.
 - G. Require the contractor, during construction, to provide fire, extended coverage, vandalism and malicious mischief insurance equal to the actual value of the insured property.
 - H. Follow, and require the prime contractor to follow, Davis-Bacon and Related Acts provisions.
 - I. Follow, and require the prime contractor to follow, American Iron and Steel Provisions.
 - J. Follow, and require the prime contractor to follow, the "Good Faith Efforts" to aid in meeting Disadvantaged Business Enterprise (DBE) requirements.
 - K. Create and maintain a list of all firms that bid or quote on prime contracts and/or subcontracts (Bidders List) including both disadvantaged business enterprises and non-disadvantaged business enterprises. The Bidders List must be kept until Project completion.
 - L. If other funding sources are included which have stricter bidding requirements or if applicable Federal, State or local law or ordinances have stricter requirements, these stricter requirements govern.
 - M. After bid opening, provide the Department with the following:
 - 1. Project Construction Summary Form (DHEC Form #3589).
 - 2. A certified copy of the advertisement with date(s) of publication.
 - 3. A copy of the Project Sponsor's Bidders List.
 - 4. Detailed bid tabulation certified by Project Sponsor's engineer.
 - 5. Proposal of successful bidder(s).
 - 6. Bid Bond with associated Power of Attorney.
 - 7. Engineer's award recommendation of low bidder(s) to Project Sponsor. If the award is recommended to other than the low bidder(s), provide justification for decision.
 - 8. Certified copy of Project Sponsor's tentative award resolution listing the proposed contractor(s) and contract amount(s).
 - 9. Davis-Bacon wage rate(s) used in bidding the project.

10. A copy of the proposed prime contractor's Bidders American Iron and Steel Certification (DHEC Form 2556).
 11. Evidence that the low bidder(s) complied with the Disadvantaged Business Enterprise (DBE) requirements listed in the bid documents. DBE approval must precede bid package approval.
 12. A copy of the prime contractor's Bidders List.
 13. Prime Contractor's Subagreement Certification (DHEC Form #3591).
 14. DBE Program Subcontractor Utilization Form (EPA Form 6100-4) from the prime contractor(s).
 15. DBE Subcontractor Performance Form (EPA Form 6100-3) from all DBE firms.
 16. EEO Documentation Form (DHEC Form #2323), with all required attachments, including Certification by Proposed Prime or Subcontractor Regarding Equal Employment Opportunity (DHEC Form #3592) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$10,000.
 17. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$25,000.
 18. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.
- N. Receive Department approval to award the construction contract(s).
- II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
- A. Executed contract documents.
 - B. Notice to Proceed.
 - C. Semi-annual MBE/DBE Utilization Reports (EPA Form 5700-52A).
 - D. Monthly Construction Inspection Reports.
 - E. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
 - F. American Iron and Steel Certification (DHEC Form #0962) with each draw request.
 - G. Evidence of compliance with the EPA "Signage Requirement" (i.e. picture of or printed sample).
- III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
- A. Need for the change.
 - B. Clear description of the change.
 - C. Cost and pricing data.
 - D. Documentation of negotiation.
 - E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

SPECIAL CONDITIONS

Project Sponsor: Renewable Water Resources

Project Name: FY22 Gravity Sewer and Manhole Rehabilitation

Loan Number: 1-262-23-370-111

None.

DRAFT

STATE OF SOUTH CAROLINA
COUNTIES OF GREENVILLE, ANDERSON,
LAURENS, AND SPARTANBURG

**PROMISSORY NOTE TO SOUTH CAROLINA
WATER QUALITY REVOLVING FUND AUTHORITY FOR
SOUTH CAROLINA WATER POLLUTION CONTROL
REVOLVING FUND LOAN**

RENEWABLE WATER RESOURCES, SOUTH CAROLINA
SEWER SYSTEM REVENUE BOND, SERIES 2023D

FOR VALUE RECEIVED, Renewable Water Resources, South Carolina (the "*Project Sponsor*") promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Loan Agreement (the "*Agreement*"), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number 1-262-23-370-111, FY22 Gravity Sewer and Manhole Rehabilitation, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "B" to the Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

The Project Sponsor may prepay the outstanding principal balance of this Note in whole or in part, together with any accrued interest thereon, at any time without penalty or premium; all such prepayments shall be applied against principal installments due on this Note in the inverse order of the maturity dates thereof.

All payments of principal and interest shall be made in money of the United States at the office of the Authority in Columbia, South Carolina, or at such place as the Authority may designate in writing, and shall be made in funds immediately available in Columbia, South Carolina.

The Project Sponsor agrees to pay at the time any such late payment hereunder is made a late charge of three percent (3%) of any payment not made on or before the tenth day of the month in which such payment is due. Interest which accrues after maturity of this Note or after its earlier acceleration shall be due and payable upon demand.

Payments shall be applied first to any late charge, then to interest, then to principal. There is no intent for any payment to exceed any legal limit on interest, if any such legal limit applies. If an excess sum occurs, it shall be applied to principal unless the Project Sponsor elects its return in writing.

If the Project Sponsor fails to make any payment of principal or interest within thirty (30) days of the date when due, or if the Project Sponsor defaults in the performance of any of the terms, covenants or conditions of any agreement or other documents concerning this Note, including without limitation the Agreement, the Authority may declare the principal of this Note and all unpaid interest accrued on it to be due and payable immediately, without prior notice or demand to the Project Sponsor.

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payments. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 7.2 of the Agreement relating to additional security for payment of amounts due on this Note.

The Project Sponsor waives presentment for payment, demand, protest, and notice of non-payment. Neither a failure to accelerate for default nor acceptance of a past due installment shall be a novation of this Note or constitute a waiver of the right to insist upon strict compliance with it and any related agreements and documents.

The Project Sponsor shall pay all costs of collection, including but not limited to reasonable attorney's fees if the Authority endeavors to collect this Note in any manner through an attorney at law. The rights and remedies of the Authority provided in this Note are cumulative and not exclusive of any other rights and remedies afforded the Authority by law or by any other document.

This Note shall be governed by and construed and interpreted in accordance with the laws of the State of South Carolina.

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this _____ day of _____, 2023.

RENEWABLE WATER RESOURCES,
SOUTH CAROLINA

[SEAL]

By: _____

Typed Name: _____

Title: _____

Attest:

Its: _____

DRAFT

CERTIFICATE OF AUTHENTICATION

This Promissory Note is the obligation issued pursuant to the Project Sponsor's Bond Resolution adopted on June 14, 2010, as authorized by the Project Sponsor's Series Resolution adopted on _____, 2023.

U. S. BANK NATIONAL ASSOCIATION, REGISTRAR

By: _____, Authorized Officer

Typed Name: _____

**Davis-Bacon Wage Rates Required Under Federal Clean Water Act
For Subrecipients (Project Sponsors)**

1. Applicability of the Davis-Bacon (DB) Prevailing Wage Requirements

Under the Federal Clean Water Act, as amended on June 10, 2014, DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

- (a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.
- (i) While the solicitation remains open, the subrecipient shall monitor <http://sam.gov/> weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or superseding DOL takes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor <http://sam.gov/> on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- (b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from <http://sam.gov/> into the ordering instrument.
- (c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- (d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$2,000. Available from the Department.

4. Contract Provisions for Contracts in Excess of \$100,000

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$100,000. Available from the Department.

5. Compliance Verification

- DRAFT**
- (a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
 - (b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
 - (c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
 - (d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
 - (e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.