

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”) is entered into as of July 1, 2018 by and between ERIE COUNTY WATER AUTHORITY (the “Authority”) and MANUFACTURERS AND TRADERS TRUST COMPANY, as trustee (the “Trustee”) in connection with the issuance by the Authority of its \$_____ aggregate principal amount Water Revenue Bonds, Series 2018 (the “Series 2018 Bonds”).

The Series 2018 Bonds are being issued pursuant to a certain Fourth General Water Revenue Bond Resolution adopted by the Authority on July 9, 1992, as amended and supplemented (the “Resolution”), including but not limited to, by the Supplemental Resolution dated August 30, 2016 and by a resolution supplemental thereto entitled “Series 2018 Supplemental Resolution Authorizing the Issuance of Water Revenue Bonds, Series 2018” adopted by the Authority on June 14, 2018 (the “Series 2018 Resolution”) and the Erie County Water Authority Act, Article 5, Title 3, Public Authorities Law, Sections 1050 through 1073, inclusive, and all laws amendatory or supplemental thereto (the “Act”).

In order to permit the Underwriter (as defined below) to comply with the provisions of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 in connection with the public offering of the Series 2018 Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree for the sole and exclusive benefit of the Bondholders, as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Bondholders and Beneficial Owners (as defined below) of the Series 2018 Bonds and in order to assist Jefferies LLC (the “Underwriter”) in complying with the Rule (defined below). The Authority and the Trustee acknowledge that Erie County, New York has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which are incorporated herein by reference, unless otherwise defined in this Section, the following capitalized terms used in this Disclosure Agreement shall have the following meanings:

“Annual Report” shall mean any annual report provided by the Authority pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any beneficial owner of a security, including a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares investment power which includes the power to dispose, or to direct the disposition, of such security subject to certain exceptions as set forth in the Undertaking, as defined in Section 8 of this Disclosure Agreement. Any assertion of beneficial ownership must be filed with full documentary support, as part of the written request described in Section 8 of this Disclosure Agreement.

“Bondholder” shall mean any holder of the Series 2018 Bonds.

“Business Day” means any day other than a Saturday or Sunday or a day on which the Federal Reserve System is closed.

“Disclosure Representative” shall mean the Deputy Directory of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the Trustee from time to time.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Fiscal Year” shall mean the period of twelve months beginning January 1 of each year and ending on December 31 of the same year, or any other twelve-month period adopted by the Authority, respectively, as its fiscal year for accounting purposes.

“Listed Events” shall mean any of the events listed in Subsection 4(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(i) of the Securities Exchange Act of 1934.

“Repository” shall mean the MSRB as the sole repository of information required to be provided pursuant to the Rule, in each instance through and in accordance with EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Report.

(a) The Authority shall provide, or shall cause the Trustee to provide, to the Repository an Annual Report containing the information listed below. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information, as provided in Section 4 hereof. If the Fiscal Year changes, the Authority shall give notice of such change in the same manner as required for a Listed Event. The Authority shall provide a copy of the Annual Report to the Trustee. The Annual Report shall be prepared on an annual basis within 270 days after the end of the 2018 Fiscal Year and each subsequent Fiscal Year thereafter.

(b) The Annual Report shall contain core financial information and operating data for the prior Fiscal Year, including (x) audited financial statements, if available, prepared in accordance with generally acceptable accounting principles in effect from time to time, or, if such annual audited financial statements are not available, annual unaudited financial statements shall be so provided and such annual audited financial statements shall be so delivered when they become available, and (y) material historical financial and operating data concerning the Water Works System and the

Revenues of the Authority generally of the type included under the captions “INDEBTEDNESS OF THE AUTHORITY,” “THE WATER WORKS SYSTEM,” “FINANCIAL OPERATIONS OF THE WATER WORKS SYSTEM,” and, only for information presented from time to time in the Authority’s Comprehensive Annual Financial Information, “INFORMATION REGARDING THE COUNTY.”

(c) The Annual Report shall also contain information regarding (i) any litigation involving the Authority that could have a material affect on the operations or financial condition of the Authority; (ii) any material change in the arrangements by the Authority for the provision of water services; and (iii) the status of permits and approvals for and the physical condition of the water facilities of the Authority.

(d) If within 280 days after the end of a Fiscal Year the Trustee has not received an Annual Report from the Authority for the preceding Fiscal Year, and the Trustee does not have actual knowledge that such Annual Report has been provided to the Repository, the Trustee shall send a notice to the Repository in substantially the form attached hereto as Exhibit A, with a copy to the Authority.

(e) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an “obligated person” (as defined by the Rule), which have been filed with the Repository. If the document included by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events.

(a) The Authority shall provide, or shall cause the Trustee to provide, in a timely manner to the Repository, written notice of any of the following Listed Events with respect to the Series 2018 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax

status of the Series 2018 Bonds, or other material events affecting the tax status of the Series 2018 Bonds;

- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2018 Bonds;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (14) The appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Authority shall provide, or shall cause the Trustee to provide, in a timely manner to the Repository, written notice of a failure of any officer or other person authorized by the Authority to provide required annual financial information on or before the date specified in this Disclosure Agreement or other written agreement or contract in connection with the Series 2018 Bonds.

(c) The Trustee shall promptly, upon obtaining actual knowledge of the occurrence of any of the Listed Events, contact the applicable Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f).

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, because of a notice from the Trustee pursuant to subsection (c) or otherwise, the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the Authority has determined that knowledge of the occurrence of a Listed Event would be material under applicable law, the Authority shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (g).

(f) If in response to a request under subsection (c), the Authority determines that the Listed Event would not be material under applicable law, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (g).

(g) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Authority. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1) or (9) above shall be given by the Trustee unless the Authority gives the Trustee affirmative instructions not to disclose such occurrence;

(ii) notice of the occurrence of a Listed Event described in subsection (a)(11) shall be given by the Trustee notwithstanding any instructions to the contrary by the Authority; and

(iii) notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the holders of affected Series 2018 Bonds pursuant to the Resolution.

The Trustee shall file notice if the Authority fails to direct the Trustee pursuant to subparagraph (e) above, unless the Trustee has received an opinion of counsel to the effect that such event is not material.

Section 5. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2018 Bonds.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Authority shall

have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 8. Default; Venue. In the event of a failure of the Authority or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance. No Bondholder may institute any suit, action or proceeding at law or in equity (“Proceeding”) for the enforcement of the requirements (the “Undertaking”) or for any remedy for breach thereof, unless such Bondholder shall have filed with the Authority evidence of ownership and a written notice of and request to cure such breach, and the Authority shall have refused to comply within a reasonable time. All proceedings shall be instituted only as specified herein, in any federal court for the Western District of the State or, if in State court, in the Erie County Supreme Court and for the equal benefit of all holders of the outstanding bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

Section 9. Duties, Immunities and Liabilities of Trustee.

Article VII of the Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. The Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to release the Trustee from any claim arising out of the discharge of any duties hereunder and to defend, indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee’s gross negligence or willful misconduct. The obligations of the Authority under this Section 9 shall survive resignation or removal of the Trustee and payment of the Series 2018 Bonds.

Section 10. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement or the notice parties may be given as follows:

To the Authority:

Erie County Water Authority
295 Main Street, Room 350
Buffalo, New York 14203
Attention: Robert J. Lichtenthal, Jr., Deputy Director/CFO
Tel: (716) 849-8470

To the Trustee:

Manufacturers and Traders Trust Company
285 Delaware Ave
Buffalo, NY 14202
Attention: Corporate Trust Department, Third Floor

Any person may, by written notice to the other persons noted above, designate a different address, telephone, electronic transmission, or facsimile number(s) to which subsequent notices or communications should be sent.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of Bondholders and Beneficial Owners (and the Trustee acting on behalf of Bondholders and/or Beneficial Owners), and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Previous Non-Compliance. The Authority represents that, except as disclosed in the Official Statement, it has never failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in the Rule.

ERIE COUNTY WATER AUTHORITY

By: _____
Chairman

**MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee**

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO REPOSITORY OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: Erie County Water Authority

Name of Bond Issue: Erie County Water Authority
\$_____ Water Revenue Bonds, Series 2018
(the "Series 2018 Bonds")

Date of Issuance: [____], 2018

NOTICE IS HEREBY GIVEN that the Erie County Water Authority (the "Authority") has not provided an Annual Report with respect to the above-named Series 2018 Bonds as required by the Continuing Disclosure Agreement, dated as of July 1, 2018 between the Authority and Manufacturers and Traders Trust Company, as Trustee. [The _____ anticipates that an Annual Report will be filed by _____.]

Dated: _____

By: _____

By: _____