



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

October 18, 2021

To: Jerome D. Schad, Chair
Peggy A. LaGree, Vice Chair
Michele M. Iannello, Treasurer

From: Karen A. Prendergast, Chief Financial Officer ^{AP}

Subject: 2021 Supplemental Bond Resolution – WIFIA Bond

At their April 29, 2021 meeting, the Board of Commissioners approved the Authority's application for \$22,883,000.00 in funding through the WIFIA Program. The EPA accepted the Authority's application for low interest financing through their WIFIA program, and the Authority and its Financial and Legal consultants have been working with the EPA to finalize the Project Loan Agreement.

The most recent rate for a final maturity date of 07/15/2046 is 1.82%. The rate is calculated at closing at .01% over the State and Local Government Series (SLGS) Rate for the weighted average life of the bond.

The attached Supplemental Resolution authorizes the issuance of Water Revenue Bonds, Series 2021 to the WIFIA Lender to evidence the Authority's obligation to repay the loan. Additionally, the resolution gives authority to the Chairman, Vice Chairman and Treasurer to execute any documents required to secure the debt at closing, including, but not limited to the Project Loan Agreement.

The projected closing date is November 19, 2021. Please consider adopting the resolution at the Finance Committee meeting of October 28, 2021, and recommending adoption at the board meeting of the same date.

cc M. Carney
R. Stoll
T. McCracken
L. Kowalski

ERIE COUNTY WATER AUTHORITY
AUTHORIZATION FORM
For Approval/Execution of Documents
(check which apply)

Contract: _____ **Project No.:** _____
Project Description: Supplemental Bond Resolution, Series 2021 WIFIA Bond

Item Description:

<input type="checkbox"/> Agreement	<input type="checkbox"/> Professional Service Contract	<input type="checkbox"/> Amendment	<input type="checkbox"/> Change Order
<input type="checkbox"/> BCD	<input type="checkbox"/> NYSDOT Agreement	<input type="checkbox"/> Contract Documents	<input type="checkbox"/> Addendum
<input type="checkbox"/> Recommendation for Award of Contract	<input type="checkbox"/> Recommendation to Reject Bids		
<input type="checkbox"/> Request for Proposals			
<input checked="" type="checkbox"/> Other <u>Supplemental Bond Resolution</u>			

Action Requested:

<input type="checkbox"/> Board Authorization to Execute	<input type="checkbox"/> Legal Approval
<input type="checkbox"/> Board Authorization to Award	<input type="checkbox"/> Execution by the Chairman
<input type="checkbox"/> Board Authorization to Advertise for Bids	<input type="checkbox"/> Execution by the Secretary to the Authority
<input type="checkbox"/> Board Authorization to Solicit Request for Proposals	
<input checked="" type="checkbox"/> Other <u>Adopt Supplemental Bond Resolution</u>	

Approvals Needed:

APPROVED AS TO CONTENT:

<input type="checkbox"/> Other (if Applicable)	_____	Date: _____
<input checked="" type="checkbox"/> Chief Operating Officer	<u>Russell J. Stell</u>	Date: <u>10/21/21</u>
<input checked="" type="checkbox"/> Executive Engineer	<u>Leonard F. Gonzalez</u>	Date: <u>10/21/2021</u>
<input type="checkbox"/> Director of Administration	_____	Date: _____
<input type="checkbox"/> Risk Manager	_____	Date: _____
<input checked="" type="checkbox"/> Chief Financial Officer	<u>Karen A. Bendegast</u>	Date: <u>10/21/2021</u>
<input checked="" type="checkbox"/> Legal	<u>[Signature]</u>	Date: <u>10/21/2021</u>

APPROVED FOR BOARD RESOLUTION:

<input checked="" type="checkbox"/> Secretary to the Authority	<u>[Signature]</u>	Date: <u>10/21/21</u>
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Remarks: _____

Resolution Date: _____ **Item No:** _____

**SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF
WATER REVENUE BOND, SERIES 2021 (WIFIA BOND)**

A SUPPLEMENTAL RESOLUTION AUTHORIZING THE ERIE COUNTY WATER AUTHORITY'S RECEIPT OF FINANCIAL ASSISTANCE FROM THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY PURSUANT TO THE WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT AND, IN CONNECTION THEREWITH, (A) AUTHORIZING AND DESIGNATING THE ISSUANCE AND PROVIDING FOR THE TERMS OF A BOND OF THE AUTHORITY IN A PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY-FOUR MILLION DOLLARS (\$24,000,000); (B) DELEGATING TO THE CHAIRMAN, VICE CHAIRMAN AND/OR TREASURER OF THE AUTHORITY THE POWER TO (I) DETERMINE CERTAIN TERMS OF SAID BOND AND TO TAKE ANY AND ALL ACTION NECESSARY TO PROVIDE FOR THE ISSUANCE OF SAID BOND, (II) ISSUE AND DELIVER SAID BOND TO SAID AGENCY, AND (III) DETERMINE THE TERMS AND CONDITIONS OF, AND EXECUTE AND DELIVER ON BEHALF OF THE AUTHORITY, A LOAN AGREEMENT TO BE ENTERED INTO BETWEEN THE AUTHORITY AND SAID AGENCY IN CONNECTION WITH THE AUTHORITY'S RECEIPT OF FINANCIAL ASSISTANCE UNDER SAID WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT, AND TO EXECUTE AND DELIVER SUCH OTHER DOCUMENTS, CERTIFICATES AND AGREEMENTS NECESSARY FOR THE AUTHORITY'S RECEIPT OF FINANCIAL ASSISTANCE PURSUANT TO SAID ACT; AND (C) APPOINTING THE PAYING AGENT AND REGISTRAR AND, AUTHORIZING RELATED MATTERS.

WHEREAS, the Erie County Water Authority (the "Authority") adopted on July 9, 1992, the Fourth General Water Revenue Bond Resolution, authorizing and providing for the issuance of revenue bonds of the Authority for the purposes of the Water Works System of the Authority, as amended and supplemented to the date hereof, including without limitation by Article V (*Amendments to General Resolution*) of that certain Supplemental Resolution Authorizing the Issuance of Water Revenue Refunding Bonds, Series 2016, adopted by the Authority on August 30, 2016 (the "General Resolution"); and

WHEREAS, the Authority is planning various improvements to its Water Works System and it is deemed advisable to fund such improvements through the issuance of its bonds; and

WHEREAS, the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency, is authorized to make long term loans to municipalities and public corporations, including the Authority, for the purpose of financing the costs of certain eligible projects pursuant to the Water Infrastructure Finance and Innovation Act, as amended by Section 1445 of the Fixing America's Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and by Section 4201 of America's Water Infrastructure Act of 2018 (collectively, as the same may be amended from time to time, the "WIFIA Act"), which is codified as 33 U.S.C. §§ 3901-3914 (collectively, as the same may be amended from time to time, the "Act" or "WIFIA"); and

WHEREAS, pursuant to a Resolution duly adopted by the Authority on April 29, 2021, the Authority submitted an application for WIFIA financial assistance with regard to a certain project relating to the Water Works System of the Authority, generally described as the Authority's Strategic Plan Improvements Project (as further described in the hereinafter defined WIFIA Loan Agreement, the "Project"), and the Authority was notified that its application was approved; and

WHEREAS, in order for the Authority to receive financial assistance from the WIFIA Lender (as defined herein) to finance the Project, it will be necessary for the Authority to issue its revenue bond to the WIFIA Lender to evidence the Authority's obligation to repay the loan to be made under the WIFIA Loan Agreement (as defined herein); and

WHEREAS, the Authority has determined it advisable and financially advantageous to borrow from the WIFIA Lender an amount not to exceed \$24,000,000, and to issue and deliver its Bond to the WIFIA Lender, in a like amount, in order to evidence its obligation to repay such loan, the proceeds of such loan to be used to finance costs of the Project; and

WHEREAS, the Authority wishes to set forth more fully the terms and conditions applicable to the additional revenue bond in the principal amount of not to exceed \$24,000,000 to evidence its obligation to repay such loan, or the procedures for determining same;

NOW, THEREFORE, BE IT RESOLVED BY THE ERIE COUNTY WATER AUTHORITY, as follows:

SECTION 1. Definitions.

(A) Unless the context shall clearly indicate some other meaning, all words and terms used in this Supplemental Resolution which are defined in the General Resolution shall for all purposes of this Supplemental Resolution have the respective meanings given to them in the General Resolution. In this Supplemental Resolution, the following terms shall have the respective meanings given them below:

(1) "Project" has the meaning given such term in the WIFIA Loan Agreement.

(2) "WIFIA Lender" means the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency, and any successor to the duties and functions thereof.

(3) "WIFIA Loan Agreement" means the WIFIA Loan Agreement to be entered into between the WIFIA Lender and the Authority upon delivery of the Series 2021 Bond, which will contain certain additional agreements relating to the Series 2021 Bond and the Project.

(B) Unless or except as the context shall clearly indicate otherwise or may otherwise require in this Supplemental Resolution: (i) all references to a particular Article, section and/or subdivision of the General Resolution or this Supplemental Resolution, as the case may be, are to the corresponding Article, section or subdivision of the General Resolution only, or this

Supplemental Resolution only, as the case may be; (ii) the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms refer to this Supplemental Resolution as a whole and not to any particular section or subdivision hereof; (iii) the terms “therein,” “thereunder,” “thereby,” “thereto,” “thereof,” and any similar terms, refer to the General Resolution and to the General Resolution as a whole and not to any particular Article, section or subdivision thereof., and (iv) the term “heretofore” means before the time of effectiveness of this Supplemental Resolution and the term “hereafter” means after the time of effectiveness of this Supplemental Resolution.

SECTION 2. Authorization of the WIFIA Lender Borrowing and WIFIA Loan Agreement; Authorization and Designation of Bonds. (A) The Authority is hereby authorized to receive financial assistance and obtain a long term loan from the WIFIA Lender in the total principal amount of not to exceed Twenty-Four Million Dollars (\$24,000,000) (the “Loan”) to finance a portion of the costs of the Project, including reimbursement to the Authority for costs previously paid to the extent permitted under the hereafter defined WIFIA Loan Agreement, and all or a portion of the costs of issuance of the Series 2021 Bond (as hereinafter defined). In connection therewith, the Authority is hereby authorized to enter into a certain Loan Agreement (the “WIFIA Loan Agreement”) with the WIFIA Lender and any and all other agreements necessary or convenient therewith.

(B) In order to evidence the Authority’s obligation to repay the Loan, the Authority is hereby authorized to issue and deliver to the WIFIA Lender its Bond authorized to be issued by the General Resolution and this Supplemental Resolution, as provided below, in an amount not to exceed Twenty-four Million Dollars (\$24,000,000), which Bond shall be designated “Water Revenue Bond, Series 2021 (WIFIA Bond)” or such other title as the Chairman of the Authority determines in the Certificate of Determination referred to in Paragraph (C) below (the “Series 2021 Bond”), and shall have such terms, conditions and details as shall be provided in a certificate to be executed by the Chairman, Vice Chairman or Treasurer of the Authority subsequent to the date hereof (the “Certificate of Determination”) pursuant to Section 3 of this Supplemental Resolution, which may be the terms certificate delivered pursuant to the WIFIA Loan Agreement. In addition, the final terms, conditions and details of the WIFIA Loan Agreement, including, without limitation, the payment provisions thereof, shall be provided in the Certificate of Determination pursuant to Section 3 of this Supplemental Resolution.

SECTION 3. Delegation to Chairman, Vice Chairman or Treasurer. There is hereby delegated to the Chairman, Vice Chairman or Treasurer of the Authority, subject to the limitations contained herein and in the General Resolution, the power with respect to the Series 2021 Bond, and in connection with the issuance of the Loan and the lending of proceeds thereof to the Authority pursuant to the WIFIA Loan Agreement, to determine and carry out the following terms which shall be set forth in the Certificate of Determination:

(A) The principal amount of the Series 2021 Bond, which shall reflect disbursements of the Loan from time to time under the WIFIA Loan Agreement but shall not exceed \$24,000,000 (or, in the event the Authority determines to delay or forego financing of one or more component of the Project, such lesser amount as may be necessary to finance the costs of the remaining Project and related costs of issuance), the principal amortization schedule of the

Series 2021 Bond, and the date, maturity date or dates and interest payment dates of the Series 2021 Bond;

(B) The interest rate or rates of the Series 2021 Bond;

(C) The denominations of and manner of numbering and lettering the Series 2021 Bond;

(D) Whether the Series 2021 Bond will be issued in fully registered form or in any other form permitted under the General Resolution, the privileges, if any, of convertibility from one form to another, and the place or places of such registration and conversion;

(E) The redemption provisions, if any, relating to the Series 2021 Bond;

(F) The place or places of payment of the Series 2021 Bond and premium, if any, and interest thereon;

(G) Whether all or any portion of the Series 2021 Bond shall be additionally secured by any Additional Security that the Chairman, Vice Chairman or Treasurer determines to be advantageous to the Authority in connection with the sale of the Series 2021 Bond, and the execution of any agreements relating to said Additional Security with the providers thereof;

(H) The terms and conditions of the WIFIA Loan Agreement and any other agreement, document or certificate required by the WIFIA Lender in connection with the Authority's receipt of financial assistance pursuant to the Act, including without limitation the subject matters (e.g., principal amount, amortization, interest, redemption) for which authority is delegated above in respect of the Series 2021 Bond, and the terms of the Series 2021 Bond shall evidence and reflect the terms for such subject matters set forth in the WIFIA Loan Agreement; and

(I) Any other provisions which may be required to be inserted in such Certificate of Determination by the provisions of the General Resolution or any other necessary or desirable provisions not inconsistent or in conflict with the provisions of the General Resolution; and the taking of any and all action necessary to provide for the issuance of the Series 2021 Bond and in connection with the issuance of the Loan and the lending of the proceeds thereof to the Authority, including the execution and delivery of the WIFIA Loan Agreement and of any required documents, certificates and agreements, closing documents and tax and arbitrage certificates, including without limitation application for the approval by the New York State Comptroller of the sale of the Series 2021 Bond to the WIFIA Lender.

SECTION 4. Issuance and Delivery of Series 2021 Bond. The Series 2021 Bond shall be issued and delivered to the WIFIA Lender as evidence of the Authority's obligation to repay the Loan to the Authority pursuant to the WIFIA Loan Agreement. The Chairman, Vice Chairman or Treasurer and other officers, employees, agents and attorneys of the Authority are hereby authorized to take any and all action necessary to provide for the issuance and delivery of the Series 2021 Bond to the WIFIA Lender.

SECTION 5. Appointment of Trustee, Paying Agent and Registrar. Manufacturers and Traders Trust Company, Buffalo, New York, is hereby appointed Trustee, Paying Agent and Registrar for the Series 2021 Bond.

SECTION 6. Redemption of the Series 2021 Bond. The principal of the Series 2021 Bond is subject to redemption at the option of the Authority, in whole or in part, at a redemption price of par plus accrued interest, to the redemption date under equivalent terms as are set forth for prepayment of the Loan under the WIFIA Loan Agreement. Official notice of redemption of the Series 2021 Bond shall be given as notice of prepayment of the Loan is given under the WIFIA Loan Agreement.

SECTION 7. Application of Proceeds of Sale of the Series 2021 Bond. (A) Proceeds of the sale of the Series 2021 Bond shall be disbursed from time to time by the WIFIA Lender in accordance with Article II of the WIFIA Loan Agreement.

(B) Any non-exempt project for which proceeds under the WIFIA Loan Agreement, may be disbursed shall be reviewed under the New York State Environmental Quality Review Act (Article Eight of the Environmental Conservation Law) ("SEQRA"), prior to adoption of any decision, order or resolution committing the Authority or applicable agency to undertake such project. The Authority's authorizations contained herein are predicated on compliance with SEQRA and are limited to conducting contemporaneous environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary to formulate a proposal for action. Notwithstanding any authorization included above, the activities so authorized do not commit the Authority to commence, engage in or approve any component of the Project. No final action may be taken before the Authority has complied with the requirements of SEQRA. This Supplemental Resolution is adopted as part of the processes undertaken by the Authority to formulate the proposed action under SEQRA for approval and does not commit the Authority to commence, engage in or approve such action. Proceeds of the Series 2021 Bond shall be disbursed under the WIFIA Loan Agreement, only upon approval of the WIFIA Lender upon confirmation by the Authority of compliance with applicable law and regulations, including, but not limited to SEQRA, and upon a determination (i) that an obligation in the stated amount has been incurred by or on behalf of the Authority, or that an advance has been made by or on behalf of the Authority; and each use thereof is an Eligible Project Cost, and that such amount has not been theretofore paid or reimbursed; and (ii) that there has not been filed with or served upon the Authority any notice of any lien, or attachment upon or claim affecting the right to receive payment of any of the moneys payable to the person, firm or corporation to which such payment is to be made which has not been released or will not be released simultaneously with the payment of such obligations and, in the event any assignment of the right to receive payment has been made and notice thereof has been given to the Authority

and the Authority has accepted such assignment, the payment shall be made to the assignee as shown by the records of the Authority.

SECTION 8. Form of Bond. Subject to the provisions of the General Resolution, the form of the Series 2021 Bond, the form of the Trustee's Certificate of Authentication, and the form of Instrument of Assignment with respect thereto shall be substantially as set forth in Appendix A hereto, with such changes (i) as may be necessary to comply with the requirements of the WIFIA Lender, or (ii) as may be approved by the Chairman, Vice Chairman or Treasurer, and not inconsistent with this Supplemental Resolution, the Chairman, Vice Chairman or Treasurer's signature on such Bonds constituting conclusive evidence of such approval.

SECTION 9. Permitted Investments. In accordance with clause (x) of the definition of "Investment Securities" as set forth in Section 1.1 of the General Resolution, to the extent permitted by law and the Authority's investment guidelines, the following shall be "Investment Securities" with respect to any funds held with respect to the Series 2021 Bond:

(A) Bonds, notes or other evidences of indebtedness rated "AA+" by Standard & Poor's and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(B) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase; and

(C) Investments in money market funds rated "AAAm" or "AAAm-G" or better by Standard & Poor's.

SECTION 10. CUSIP Identification Numbers. CUSIP identification numbers, at the sole option of the Authority, may be placed on the Series 2021 Bond, but neither the failure to place any such number on the Series 2021 Bond nor any inaccuracy, error or omission with respect thereto shall constitute cause for failure or refusal by the purchasers to accept delivery of and pay for the Series 2021 Bond. No such CUSIP identification number shall constitute a part of the contract evidenced by the Series 2021 Bond and no liability shall attach to the Authority or any officer or agent thereof, including any Registrar or Paying Agent for the Series 2021 Bond, by reason of such number or any use made thereof, including any use thereof made by the Authority, any such officer or any such agent, or by reason of any inaccuracy, error or omission with respect thereto or in such use.

SECTION 11. Effect of Section Headings. The headings or titles to the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Supplemental Resolution.

SECTION 12. Repeal of Inconsistent Resolutions. Any resolution of the Authority, or any portion thereof, in conflict or inconsistent with this Supplemental Resolution is hereby repealed to the extent of such conflict or inconsistency.

SECTION 13. Effective Date. This Supplemental Resolution shall take effect upon its adoption.

APPENDIX A

UNITED STATES OF AMERICA
STATE OF NEW YORK

ERIE COUNTY WATER AUTHORITY
Water Revenue Bond,
Series 2021
(WIFIA Bond)

No. R-1

Maximum Principal Amount: \$ _____ (_____ Dollars)

Interest Rate: _____ %

Dated Date: _____

Maturity Date: _____

Registered Owner: UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

ERIE COUNTY WATER AUTHORITY, a body corporate and politic constituting a public benefit corporation created under the laws of the State of New York (the “**Recipient**”), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources hereinafter specified and not otherwise, the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all disbursements made by or on behalf of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”) to the Recipient pursuant to Article II of the WIFIA Loan Agreement, dated as of the date hereof (the “WIFIA Loan Agreement”), between the WIFIA Lender and the Recipient (such lesser amount being hereinafter referred to as the “**Outstanding Principal Sum**”), such amount to be paid in annual installments each July 15 in the manner and at the place provided in the WIFIA Loan Agreement in accordance with **Exhibit F** (*WIFIA Debt Service*) thereto, plus interest accrued thereon at the Interest Rate (stated above) semiannually on January 15 and July 15 of each year, commencing on the first such date following the initial disbursement of the WIFIA Loan, as revised from time to time in accordance with the WIFIA Loan Agreement, together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the WIFIA Loan Agreement, until paid in full (which **Exhibit F**, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this bond [hereinafter referred to as the “Series 2021 Bond”]).

Each disbursement made by or on behalf of the WIFIA Lender to the Recipient, confirmed by a certificate of the Recipient given in accordance with **Exhibit D-1** (*Requisition Procedures*) to the WIFIA Loan Agreement, and the date and amount of principal and interest to be paid by the Recipient pursuant to the WIFIA Loan Agreement, shall be, recorded by or on behalf of the WIFIA Lender and included on **Exhibit F** in accordance with the terms of the WIFIA Loan Agreement.

Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect the Recipient's obligations hereunder or under any other WIFIA Loan Document.

Payments hereon are to be made in accordance with Section 8(d) (*Payment of Principal and Interest; Manner of Payment*) and Section 31 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on the Series 2021 Bond shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts. If the Final Maturity Date is amended in connection with an update to the Updated Financial Model/Plan approved by the WIFIA Lender pursuant to Section 16(a) (*Reporting Requirements; Updated Financial Model/Plan*) of the WIFIA Loan Agreement, the Maturity Date of the Series 2021 Bond shall be deemed to be amended to change the date to such revised Final Maturity Date without any further action required on the part of the Recipient or the WIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of the Series 2021 Bond without the prior written agreement of the WIFIA Lender. Any such amendment shall be reflected in a revised **Exhibit F**.

The Series 2021 Bond is the single registered bond certificate without coupons comprising a duly authorized Bond designated "Water Revenue Bond, Series 2021 (WIFIA Bond)," in a maximum principal amount not to exceed _____ AND 00/100 DOLLARS (\$_____.00), issued under and pursuant to the Fourth General Water Revenue Bond Resolution adopted by the Recipient on July 9, 1992, (as amended and supplemented to the date hereof, including without limitation by Article V of that certain Supplemental Resolution Authorizing the Issuance of Water Revenue Bonds, Series 2016, adopted by the Recipient on August 30, 2016, the "**General Resolution**") and a supplemental resolution thereto entitled "Supplemental Resolution Authorizing the Issuance of Water Revenue Bond, Series 2021 (WIFIA Bond)" as adopted by the Recipient on October __, 2021 authorizing the issuance of a bond not to exceed \$24,000,000.00 (the "**Series 2021 Resolution**") and a Certificate of Determination executed by the Chairman of the Recipient on November __, 2021 (the "**Certificate of Determination**") (said General Resolution, Series 2021 Resolution, and Certificate of Determination being hereinafter referred to collectively as the "**Resolution**"), and under the authority of and in full compliance with the Constitution and statutes of the State of New York, including Section 1050 through 1073, inclusive, of Title 3, Article 5 of the Public Authorities Law of New York, and proceedings of the Recipient duly adopted.

The Series 2021 Bond constitutes part of a duly authorized issue of Bonds (hereinafter referred to as the "Bonds") issued, or to be issued, under the Resolution in one or more series in various principal amounts and of varying denominations, dates, maturities, interest rates and other provisions as provided in the Resolution, for any corporate use and purpose relating to the financing of all or a portion of the Cost of Acquisition and Construction of the Water Works System or refunding any Bonds.

Bonds issued under the Resolution are payable as to principal, premium, if any, and interest solely from and are equally and ratably secured solely by a lien upon and pledge, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms

and conditions set forth in the Resolution, (i) the proceeds of sale of the Series 2021 Bond pending application thereof in accordance with the provisions of the Resolution, (ii) all Available Revenues, and (iii) all funds and accounts established by the Resolution including the investments, if any, thereof.

Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof are pledged for the payment of the principal of, premium, if any, or interest on the Series 2021 Bond, and no holder of the Series 2021 Bond shall have the right to compel the exercise of the taxing power of the State of New York or of any subdivision thereof in connection with any default with respect to the Series 2021 Bond. The Series 2021 Bond is not a debt of the State of New York or of Erie County or of any other political subdivision of the State of New York, neither the State of New York nor Erie County nor any other political subdivision of the State of New York is liable for the payment of the Series 2021 Bond, nor is the Series 2021 Bond payable out of any funds other than those of the Recipient pledged for the payment of the Series 2021 Bond under the General Resolution. Under the General Resolution, the Recipient is obligated to deposit from the aforesaid Available Revenues of the Water Works System into the Bond Account (established with the Trustee by the General Resolution) certain fixed amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2021 Bond and the issue of Bonds of which it is one, as the same shall become due and payable, as is more fully provided in the Resolution.

Reference is hereby made to the Resolution, certified copies of which are on file in the principal office of the Recipient and in the principal office of the Trustee, and to all of the provisions of which any holder of the Series 2021 Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the properties constituting the Water Works System; the Available Revenues and other moneys pledged to the payment of the principal of, premium, if any, and interest on the Bonds issued thereunder; the nature and extent and manner of enforcement of the pledge; the conditions upon which bonds may hereafter be issued under the General Resolution payable on a parity with this Series 2021 Bond from the aforesaid Available Revenues and equally and ratably secured therewith; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the holders of the Bonds of the issue of Bonds of which this Series 2021 Bond is one; the rights and remedies of the holder hereof with respect hereto and thereto, including the limitations therein contained upon the right of a holder hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the Recipient and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts, assignments and covenants made therein may be discharged at or prior to the maturity or redemption of this Series 2021 Bond, and this Series 2021 Bond thereafter shall no longer be secured by the General Resolution or be deemed to be outstanding thereunder, if moneys or certain specific securities shall have been deposited with the Trustee in a sufficient amount and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

The Series 2021 Bond has been executed under and pursuant to the Resolution and the WIFIA Loan Agreement and is issued to evidence the obligation of the Recipient under the WIFIA Loan Agreement to repay the loan made by the WIFIA Lender and any other payments of any kind required to be paid by the Recipient under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for the details

relating to the Recipient's obligations hereunder. All capitalized terms used in the Series 2021 Bond and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

The Series 2021 Bond may be prepaid at the option of the Recipient in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided, however, such prepayments shall be in principal amounts of at least \$1,000,000 or any integral multiple of \$1 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the Bond in accordance with the WIFIA Loan Agreement.

This Series 2021 Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication shall have been signed by the Registrar.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York to exist, to have happened and to have been performed precedent to and in the issuance of this Series 2021 Bond do exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this Series 2021 Bond, together with all other obligations or indebtedness of the Recipient, does not exceed any constitutional, statutory or other limitations of indebtedness prescribed by law for the Recipient.

IN WITNESS WHEREOF, the Erie County Water Authority has caused this Series 2021 Bond to be signed in its name and on its behalf by its [Chairman, Vice Chairman or Treasurer] and attested by its Secretary (the facsimile signatures of said officers and its seal are to be affixed or reproduced hereon, and said officials by the execution hereof do adopt as and for their own proper signatures the facsimile signatures appearing on each of the Bonds), all as of the Dated Date specified above.

ERIE COUNTY WATER AUTHORITY,

(SEAL)

[Chairman, Vice Chairman or Treasurer]

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

The Series 2021 Bond is one of the Bonds described in the within mentioned General Resolution and Series 2021 Resolution and is the Water Revenue Bond, Series 2021 (WIFIA Bond), of the Erie County Water Authority.

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Registrar

By: _____
Authorized Officer

Date of Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED, the Undersigned hereby sells,
Assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING
POSTAL ZIP CODE OF ASSIGNEE

the within-mentioned Bond and does hereby irrevocably constitutes and appoints

attorney-in-fact to transfer the same on the books of registry in the office of the within-mentioned Registrar with full power of substitution in the premises.

Signature: _____

Dated: _____

Notice: signature(s) must be acknowledged or proved, or in the alternative, certified as to its genuineness by an officer of a bank or trust company located and authorized to do business in New York State.

Notice: the signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.