



11 Grace Avenue, Suite 308  
Great Neck, New York 11021  
Phone: (516) 274-4502 | Fax: (516) 487-2575  
E-mail: [alocascio@capmark.org](mailto:alocascio@capmark.org)

## **TERM SHEET**

**ISSUER:** **Dutchess County Water and Wastewater Authority**, Dutchess County, New York (the “**Authority**”).

**ISSUE:** \$730,000 Service Agreement Revenue Notes, Series 2025B (Dalton Farms Sewer System) (the “**Notes**”).

**SALE DATE:** October 21, 2025.

**SALE TIME:** 11:00 AM (Eastern Time).

**DATED DATE:** October 29, 2025.

**DELIVERY:** Delivery of the Notes will be through the offices of Manufacturers and Traders Trust Company (the “**Trustee**”) utilizing the FAST System in coordination with the Depository Trust Company (“**DTC**”) or as otherwise mutually agreed upon by the Authority and the purchaser, on or about October 29, 2025.

**MATURITY DATE:** October 29, 2026.

**AMORTIZATION:** The principal of and interest on the Notes are due and payable on the Maturity Date.

**INTEREST CALCULATION:** Interest on the Notes shall be calculated on the basis of twelve 30-day months and a 360-day year (30/360).

**BANK QUALIFICATION:** The Notes **will** be designated as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

**NO PRIOR REDEMPTION:** The Notes are **not** subject to optional redemption prior to maturity.

**LEGAL OPINION:** To be provided by Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the Authority, the form of which is attached hereto as **Appendix C**.

**TAX TREATMENT:** The opinion of Bond Counsel, shall state that under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described in the Tax Certificate executed by the Authority, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 the Code, and, (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, the opinion of Bond Counsel shall also state that under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

**SECURITY:**

The Notes are special obligations of the Authority, which has no taxing power, and are payable solely from the revenues, funds, and assets pledged as security for the payment thereof, including payments from the County under the Service Agreement between the Authority and the County of Dutchess, for itself and on behalf of the Part County Sewer District No. 3 in the Town of Beekman (the "Sewer District"), dated August 1, 2004 (the "Service Agreement"), including amounts sufficient to pay when due all installments of principal of, premium, if any, and interest on all Sewer District Obligations issued by the Authority.

The County has covenanted and agreed during the Renewal Service Agreement Term (as defined in the Service Agreement) to annually levy benefit assessments within the Sewer District (the "Benefit Assessments") to raise monies which, together with County monies to be appropriated, will be sufficient to pay all Service Fees due under the Service Agreement.

The Authority, under the Service Agreement, has agreed to raise monies sufficient to pay Operating Expenses (as defined in the Service Agreement) through the fixing, charging, and collection of Sewer Rents (as defined in the Service Agreement). In the event monies are not raised by the Authority in the amount sufficient to pay Operating Expenses, the County will make up any deficiency as a payment to the Authority pursuant to the Service Agreement.

As security for its obligations to make payments required under the Trust Indenture between the Dutchess County Water and Wastewater Authority and Manufacturers and Traders Trust Company, to be dated October 15, 2025 (the "Trust Indenture") and to secure the performance and observance of all covenants and conditions contained therein, the Authority pledges and grants the Trustee a lien on and security interest in the Trust Estate (as defined in the Trust Indenture), which consists of the amounts collected through the rates, fees, charges, and other income, receipts, property rights, and interest of the Authority.

The Notes shall be on a parity with all other notes and bonds of the Authority issued under the Trust Indenture.

**USE OF PROCEEDS:**

Proceeds from the Notes will be used (i) to provide the initial original financing for the design and construction of the Plum Court Sewer Station in the Dalton Farms Sewer System (the "Sewer System"), and (ii) to pay the costs of issuance of the Notes.

**DESCRIPTION OF THE SEWER SYSTEM:**

The Sewer System is a Part County Sewer District operated by the Sewer District. There are no separate zones of assessment within the Sewer District. The entire service population is approximately 1,430, and includes approximately 635 tax parcels, equating to 580 separate customer accounts, all of which are residential.

The entirety of the Sewer System is located within one municipality: the Town of Beekman. The wastewater treatment plant consists of flow equalization, static screening, three (3) rotating biological contactors, two (2) secondary clarifiers, rapid sand filtration, disinfection by chlorination, de-chlorination, post-aeration, and a sludge holding tank, providing on average 0.114 million gallons per day ("MGD") of treatment, under a State Pollutant Discharge Elimination System permit of 0.216 MGD. The collection system consists of approximately 59,000 linear feet of pipe with approximately 292 manholes and four (4) sewer pump stations. A backup generator is provided on all electrical-powered infrastructure within the Sewer System.

**BIDDING REQUIREMENTS:**

Telephone proposals, fax proposals and proposals via iPreo's Parity Electronic Bid Submission System ("Parity") will be received at the place and time on the Sale Date as herein indicated, for the purchase at not less than par and accrued interest of the Notes as herein described. No other form of electronic bidding services will be accepted. The number for telephone proposals is (516) 274-4502. The number for FAX proposals is (516) 487-2575. Bidders submitting proposals via facsimile must use the "Proposal for Notes" form attached hereto.

Proposals may be submitted in accordance with this Term Sheet until the time specified herein. No proposal will be accepted after the time for receiving proposals specified above. Any proposal received by the time for receiving proposals specified herein, which have not been modified or withdrawn by the bidder, including those communicated electronically via Parity, shall constitute an irrevocable offer to purchase the Notes pursuant to the terms herein and therein provided. Bidders shall not submit a bid that modifies the terms contained in this Term Sheet or adds additional conditions not set forth in the Term Sheet.

The Authority reserves the right to reject any and all bids (regardless of the interest rate bid), to reject any bid not complying with this Term Sheet and, so far as permitted by law, to waive any irregularity or informality with respect to any bid or the bidding process.

The timely delivery of all proposals submitted by facsimile transmission (FAX) must be in legible and complete form, signed by an authorized representative of the bidder(s), and shall be the sole responsibility of the bidder(s). The Authority shall not be responsible for any errors and/or delays in transmission and/or receipt of such bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

Bids must be made for all of the Notes. Each bid must state: (i) the principal amount of the Notes to be purchased pursuant to such bid and (ii) in a multiple of one-hundredth (1/100th) or one-eighth (1/8th) of one percent, a rate of interest per annum which the Notes bid shall bear. Each bid submitted must comply with the foregoing requirements. Conditional bids will be rejected.

If a facsimile bid is submitted, such bid must be made on the "Proposal for Notes" accompanying the Term Sheet.

Unless all bids are rejected, the Notes will be awarded and sold to the bidder complying with the terms of sale and offering to purchase the Notes at the lowest net interest cost. If two or more such bidders offer the same lowest net interest cost, then the Notes will be awarded and sold to one of said bidders selected by the Authority's Treasurer by lot from among all said bidders. The right is further reserved by the Authority to reject any or all bids, and any bid not complying with this Term Sheet will be rejected.

Award of the Notes is expected to be made promptly after opening of the bids, but the successful bidder may not withdraw its proposal until two (2) hours after the time set forth above on the day of such bid opening and then only if such award has not been made prior to the withdrawal.

#### **BIDDING USING PARITY:**

Prospective bidders wishing to submit an electronic bid via Parity must be contracted customers of Parity. Prospective bidders who do not have a contract with Parity must call (212) 849-5021 to become a customer. By submitting an electronic bid for the Notes, a bidder represents and warrants to the Authority that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes.

Each prospective bidder who wishes to submit an electronic bid shall be solely responsible to register to bid via Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Term Sheet. Neither the Authority nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Authority nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The Authority is using Parity as a communications mechanism,

and not as the Authority's agent, to conduct the electronic bidding for the Authority's Notes. The Authority is not bound by any advice or determination of Parity as to whether any bid complies with the terms of this Term Sheet. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of the bidders, and the Authority is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid, or submitting or modifying a bid for the Notes, it should telephone Parity and notify the Authority's Municipal Advisor, Capital Markets Advisors, LLC at (516) 274-4502 (provided that the Authority shall have no obligation to take any action whatsoever upon receipt of such notice).

If any provisions of this Term Sheet conflict with information provided by Parity, as approved provider of electronic bidding services, this Term Sheet shall control. Further information about Parity, including any fee charged, may be obtained from Parity at (212) 849-5021. The time maintained by Parity shall constitute the official time with respect to all bids submitted.

#### **FORM OF NOTES:**

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for DTC.

If the Notes are registered in the name of the successful bidder, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Authority, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Authority to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Authority will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

CUSIP identification numbers will be printed on the book-entry only notes if Bond Counsel is provided with such number by the close of business on the Sale Date of the Notes, but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery and pay for the Notes in accordance with the terms hereof. It shall be the responsibility of the purchaser to obtain CUSIP numbers for the Notes within one day after the Sale Date. The Authority will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the purchaser to obtain such numbers and to supply them to the Authority in a timely manner. The CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser; however, all expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Authority. For those Notes issued in registered form, the Trustee will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser.

**ISSUE PRICE  
CERTIFICATE:**

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes (the “Competitive Sale Requirements”). The Municipal Advisor will advise the winning bidder if the Competitive Sale Requirements were met at the same time it notifies the winning bidder of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

The winning bidder shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial public offering price or yield of each maturity of the Notes (the “Initial Reoffering Prices”) as of the date of the award.

By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Requirements **are not** met, it will elect and satisfy either option (1) or option (2) described below. *Such election must be made on the bid form submitted by each bidder.*

**(1) Hold the Price.** The winning bidder:

- (a) will make a bona fide offering to the public of all of the Notes at the Initial Reoffering Prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (b) will neither offer nor sell to any person any Notes within a maturity at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least 10 percent of the Notes of such maturity at a price that is no higher, or a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the Notes, and
- (c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

**(2) Follow the Price.** The winning bidder:

- (a) will make a bona fide offering to the public of all of the Notes at the Initial Reoffering Prices and provide the Issuer with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (b) will report to the Issuer information regarding the first price that at least 10 percent of the Notes within each maturity of the Notes have been sold to the public,
- (c) will provide the Issuer with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Notes, will continue until such date that the requirement set forth in paragraph (b) above for each maturity of the Notes is satisfied, and
- (d) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires,

language obligating each underwriter to comply with the reporting requirement described above.

For purposes of the “hold the price” or “follow the price” requirement, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

Regardless of whether or not the Competitive Sale Requirements were met, the winning bidder shall submit to the Issuer a certificate (the “Reoffering Price Certificate”), satisfactory to Bond Counsel, prior to the delivery of the Notes stating the applicable facts as described above. The form of Reoffering Price Certificate is available by contacting Bond Counsel or the Municipal Advisor.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Requirements were met, the Reoffering Price Certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

For purposes of this Notice, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Notes to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Notes.

**OFFICIAL STATEMENT:**

The Authority has **NOT** prepared an Official Statement in connection with the sale of the Notes. The Authority’s most recent official statement is dated January 10, 2019, and was prepared in connection with the issuance of \$1,315,000 Service Agreement Revenue Bonds, Series 2019. A copy of that Official Statement is available on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system website at <http://emma.msrb.org/>, or upon request to Capital Markets Advisors, LLC, the Authority’s Municipal Advisor, at (516) 274-4502.

Please be advised that certain financial information and operating data, as well as information regarding certain material events that may occur from time to time, are filed by the Authority with respect to its bonds, in satisfaction of certain continuing disclosure undertaking agreements entered into pursuant to Securities and Exchange Rule 15c2-12, by periodically filing such information on EMMA.

A link to the Authority’s Audited Financial Statements for the fiscal year ended December 31, 2024 on EMMA is as follows: <https://emma.msrb.org/P21952953.pdf>.

**CREDIT RATING:**

The Authority has not applied to Standard & Poor’s Rating Services (“S&P”), or any other rating agency, for a rating on the Notes. The Authority’s current underlying rating for parity indebtedness from S&P is “AA/Stable Outlook”.

**ISSUER:**

**Dutchess County Water and Wastewater Authority**  
1 LaGrange Avenue  
Poughkeepsie, New York 12603

Jessica McMahon, *Treasurer*  
Phone: (845) 486-3601  
E-mail: [jmcmahon@dutchessny.gov](mailto:jmcmahon@dutchessny.gov)

**BOND COUNSEL:**

**Orrick, Herrington & Sutcliffe, LLP**  
Thomas Myers, Esq.  
Phone: (212) 506-5212; Fax: (212) 506-3730  
E-mail: [tmyers@orrick.com](mailto:tmyers@orrick.com)



**MUNICIPAL ADVISOR:**

**Capital Markets Advisors, LLC**

Alex LoCascio, *Assistant Vice President*

Phone: (516) 274-4502; Fax: (516) 487-2575

E-mail: [alocascio@capmark.org](mailto:alocascio@capmark.org)

Capital Markets Advisors, LLC, Great Neck, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent municipal advisor to the Authority in connection with this transaction.

In preparing the Term Sheet, the Municipal Advisor has relied upon Authority officials, and other sources, who have access to relevant data to provide accurate information for the Term Sheet. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Authority to compile, review, examine, or audit any information in the Term Sheet in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the Authority. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

**APPENDICES:**

**Appendix A:** Service Agreement between the County of Dutchess, New York for and on behalf of the Part County Sewer District No. 3 in the Town of Beekman and the Dutchess County Water and Wastewater Authority, dated August 1, 2004.

**Appendix B:** Form of Trust Indenture between the Dutchess County Water and Wastewater Authority and Manufacturers and Traders Trust Company, to be dated October 15, 2025.

**Appendix C:** Form of Approving Legal Opinion of Bond Counsel.

**DATED:**

October 10, 2025.

## **PROPOSAL FOR NOTES**

Chairman of the Board  
Dutchess County Water and Wastewater Authority  
c/o Capital Markets Advisors, LLC  
11 Grace Avenue, Suite 308  
Great Neck, New York 11021

**TELEPHONE: (516) 274-4502**

**FACSIMILE: (516) 487-2575**

**DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY  
DUTCHESS COUNTY, NEW YORK**

**\$730,000 SERVICE AGREEMENT REVENUE NOTES, SERIES 2025B  
(DALTON FARMS SEWER SYSTEM)  
(the "Notes")**

**DATED: October 29, 2025**

**MATURITY: October 29, 2026**

|            | <b>Amount</b>     | <b>Interest<br/>Rate</b> | <b>Premium</b> | <b>Net Interest<br/>Cost*</b> |
|------------|-------------------|--------------------------|----------------|-------------------------------|
| <b>Bid</b> | <b>\$ 730,000</b> | %                        | \$             | %                             |

Please select one of the following (if no option is selected, the book-entry-only option will be assumed to have been selected by the purchaser):

- ☐ Book-Entry-Only registered to Cede & Co.
- ☐ Non Book-Entry Registered to Purchaser

Please check one of the following:

- ☐ We are purchasing the Notes for our own account and not with a view to distribution or resale to the public.
- ☐ In the event the Competitive Sale Requirements are not met, we hereby elect to:
  - ☐ Hold the Offering Price Requirement
  - ☐ Follow the Offering Price Requirement

\* The computation of the net interest cost is made as provided in the above-mentioned Term Sheet but does not constitute any part of the foregoing Proposal for the purchase of the Notes therein described.

Signature: \_\_\_\_\_

Name of Bidder: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone (Area Code): \_\_\_\_\_

Fax (Area Code): \_\_\_\_\_



**APPENDIX A**

**SERVICE AGREEMENT DATED AUGUST 1, 2004**

04-0662-WA

---

SERVICE AGREEMENT

Dated as of August 1, 2004

between

COUNTY OF DUTCHESS, NEW YORK,  
for and on behalf of Part County Sewer District No. 3 in the Town of Beekman

and

DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY

Sanitary Sewage Collection, Treatment and Disposal System  
Dutchess County, New York

---

## TABLE OF CONTENTS

|                                                                                  | <u>Page</u> |
|----------------------------------------------------------------------------------|-------------|
| ARTICLE 1. DEFINITIONS .....                                                     | 2           |
| ARTICLE 2. REPRESENTATIONS AND WARRANTIES .....                                  | 6           |
| SECTION 2.1. Representations and Warranties of the County.....                   | 6           |
| SECTION 2.2. Representations and Warranties of the Authority.....                | 8           |
| ARTICLE 3. PROVISION AND PURCHASE OF SERVICES .....                              | 10          |
| SECTION 3.1. Sewer Service; Authority's Obligations .....                        | 10          |
| ARTICLE 4. THE SEWER SYSTEM; OPERATION AND MAINTENANCE;<br>INSURANCE.....        | 10          |
| SECTION 4.1. The Sewer System.....                                               | 10          |
| SECTION 4.2. Minimum Operation and Maintenance Standard for Sewer<br>System..... | 11          |
| SECTION 4.3. Insurance Required .....                                            | 12          |
| SECTION 4.4. Additional Provisions Respecting Insurance .....                    | 13          |
| SECTION 4.5. Certificates, etc .....                                             | 14          |
| SECTION 4.6. Obligation to Rebuild.....                                          | 15          |
| SECTION 4.7. Replacement of Parts .....                                          | 15          |
| SECTION 4.8. Alterations Required by Law .....                                   | 16          |
| SECTION 4.9. Permitted Contests .....                                            | 16          |
| SECTION 4.10. Maintenance Reports .....                                          | 17          |
| ARTICLE 5. TERM AND SERVICE FEE .....                                            | 17          |
| SECTION 5.1. Term.....                                                           | 17          |
| SECTION 5.2. Service Fee.....                                                    | 17          |
| SECTION 5.3. Payment on Business Days .....                                      | 20          |
| SECTION 5.4. Place of Payment.....                                               | 20          |
| SECTION 5.5. Late Payment .....                                                  | 20          |
| SECTION 5.6. Nature of Obligations.....                                          | 21          |
| SECTION 5.7. Service Failure .....                                               | 22          |
| ARTICLE 6. RENEWAL OPTIONS .....                                                 | 23          |
| ARTICLE 7. DISCLAIMER OF WARRANTIES .....                                        | 24          |
| ARTICLE 8. INFORMATION AND INSPECTION .....                                      | 24          |
| ARTICLE 9. NO INTEREST CONVEYED TO COUNTY .....                                  | 25          |
| ARTICLE 10. ASSIGNMENT .....                                                     | 25          |
| ARTICLE 11. EVENTS OF DEFAULT .....                                              | 26          |
| ARTICLE 12. ENFORCEMENT .....                                                    | 27          |
| SECTION 12.1. Remedies.....                                                      | 27          |
| SECTION 12.2. Survival of County's Obligations .....                             | 27          |

|                                                                                                      |    |
|------------------------------------------------------------------------------------------------------|----|
| SECTION 12.3. Remedies Not Exclusive, etc .....                                                      | 28 |
| ARTICLE 13. RIGHT TO PERFORM FOR COUNTY .....                                                        | 28 |
| ARTICLE 14. MISCELLANEOUS.....                                                                       | 28 |
| SECTION 14.1. Notices .....                                                                          | 28 |
| SECTION 14.2. Assignment .....                                                                       | 29 |
| SECTION 14.3. Performance of Obligations to Authority, Trustee, and Credit<br>Facility Provider..... | 30 |
| SECTION 14.4. Binding Effect; Successors and Assigns.....                                            | 30 |
| SECTION 14.5. County Levy.....                                                                       | 30 |
| SECTION 14.6. Severability .....                                                                     | 31 |

## APPENDIX A      Zone of Assessment

THIS SERVICE AGREEMENT, dated as of August 1, 2004, by and between the COUNTY OF DUTCHESS, NEW YORK, a municipal corporation of the State of New York having its office at 22 Market Street, Poughkeepsie, New York for and on behalf of Part County Sewer District No. 3 in the Town of Beekman, a sewer district of the County having those powers provided in Article 5-A of the County Law and the DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY, a public benefit corporation of the State of New York having its office at 27 High Street, Poughkeepsie, New York.

WITNESSETH:

WHEREAS, the County is concerned with the need for the affordable collection, treatment and disposal of sanitary sewage within the area of the Town of Beekman formerly served by the Farm Sewer Company, Inc. in the Dalton Farms Development and the residential subdivisions known as or proposed to be known substantially as Victoria Estates and Plum Court; and

WHEREAS, the Authority has, pursuant to the Act and a Memorandum of Understanding between the Authority and the Farm Sewer Company, Inc., acquired the sanitary sewage collection, treatment and disposal system serving the Dalton Farms Development and the residential subdivision known or proposed to be known substantially as Victoria Estates and Plum Court in the Town of Beekman; and

WHEREAS, the County has created Part County Sewer District No. 3 in the Town of Beekman encompassing the area of the Town of Beekman formerly served by the Farm Sewer Company, Inc.; and

WHEREAS, the parties propose to enter into this Service Agreement in order that the Authority may cause Sewer Service to be provided to Persons within Part County Sewer District No. 3 in the Town of Beekman and that the County may accept and pay for such Sewer Service.

So long as the Authority, its successors and assigns, provides Sewer Service, the County shall be obligated to pay Service Fees, all as more particularly set forth herein; and

WHEREAS, in consideration of the premises and the respective provisions and agreements hereinafter contained and other good and valuable consideration, receipt of which is hereby acknowledged, the Authority agrees to provide, and the County agrees to accept and pay for, Sewer Service on the following terms and conditions:

## ARTICLE 1.

### DEFINITIONS

Unless the context shall otherwise require, capitalized terms herein have the meaning given to them as follows:

“Act” means Title 6-C of Article 5 of the Public Authorities Law of the State.

“Additional Indebtedness” means Additional Parity Indebtedness as defined in the Bond Resolution.

“Alterations” means reconstruction, construction of additions to or any other improvements to the Sewer System which would be an increase and improvement to the Sewer System under Section 268 of the County Law of the State, as the same may be amended from time to time.

“Authority” means (i) the Dutchess County Water and Wastewater Authority and its successors and assigns, and (ii) any political subdivision resulting from or surviving any consolidation or merger to which the Authority or its successors may be a party.

“Basic Service Agreement Term” means the period commencing on the Closing Date and terminating on the earlier of (i) the date of maturity of the Bonds or (ii) the date on which the Bonds are paid or provision for the payment thereof has been made as provided in the Bond Resolution.

"Bondholder" means the Person in whose name any Bond is registered pursuant to the Bond Resolution.

"Bond Resolution" means the General Revenue Bond Resolution for the Bonds, including any supplemental Bond Resolution, as the same may be amended from time to time.

"Bonds" means, collectively, the 2004 Bonds and Additional Indebtedness.

"Business Day" means any day (other than Saturday or Sunday) during which (i) commercial banks located in the State or in the city in which the principal office of the Trustee are located are not required or authorized by law to close; and (ii) The New York Stock Exchange, Inc. is not closed.

"Closing Date" means the date of delivery of the 2004 Bonds.

"Condemnation" means the lawful taking of the Sewer System or any part thereof by a governmental body.

"County" means the County of Dutchess, New York, or its successors or assigns.

"Credit Facility" means any credit enhancement, guaranty, letter of credit, insurance policy, surety bond, standby bond purchase agreement or other credit facility or liquidity facility, and any extension or renewal thereof which is delivered to the Trustee as security or liquidity for the payment of the principal or purchase price of or interest on any series of Bonds or any portion thereof, and as further provided in the Bond Resolution.

"Credit Facility Provider" means the provider of any Credit Facility.

"Discharge Date" means the date on which the Bonds have been paid in full or provision therefrom made in accordance with the terms of the Bond Resolution.



"Governmental Requirements" means federal, State and local laws, rules, regulations and ordinances applicable at the time to the construction, operation and maintenance of the Sewer System.

"Lien" means any sale, transfer, assignment, disposition, mortgage, pledge, security interest, lien, judgment lien, easement or other encumbrances on title, except Permitted Liens.

"Parts" means tangible and intangible chattels incorporated in the Sewer System.

"Permitted Liens" means Permitted Encumbrances as defined in the Bond Resolution.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body, political subdivision, municipality or authority or any other group or entity.

"Renewal Service Agreement Term" means the Renewal Service Agreement Term provided in Article 6 of the Service Agreement.

"Service Agreement" means this Service Agreement dated as of August 1, 2004 by and between the County and the Authority, as the same may be amended from time to time.

"Service Agreement Term" means, collectively, the Basic Service Agreement Term and any Renewal Service Agreement Term.

"Service Event of Default" means an event of default provided in Article 11 of the Service Agreement.

"Service Failure" means the failure of the Authority to provide Sewer Service to in excess of twenty-five per centum of the Persons within the Zone of Assessment, and such other Persons as the Authority may agree with the County to provide Sewer Service to pursuant to an amendment to the Service Agreement, for a period of ninety consecutive days.

“Service Fee” means the Service Fee to be paid by the County to the Authority pursuant to Section 5.2 of the Service Agreement.

“Service Fee Payment Date” means the first day of the months of February, May, August and November.

“Sewer Rents” means the scale of annual charges, as the same may be amended from time to time, established and imposed by the Authority pursuant to Section 1124(18) of the Act, for the use of the Sewer System.

“Sewer Service” means the service of collecting, treating and disposing of sanitary sewage from Persons within the Zone of Assessment and to any other Person as the Authority may agree with the County pursuant to an amendment to the Service Agreement to provide Sewer Service, either through the Sewer System or by any other means.

“Sewer System” means the sewer collection, treatment and disposal system acquired by the Authority from the Farm Sewer Company, Inc. to provide sanitary sewage collection, treatment and disposal to the Dalton Farms Development and the residential subdivisions known as or proposed to be known substantially as Victoria Estates and Plum Court, all being within the Town of Beekman, including any additions thereto or deletions therefrom from time to time.

“Sewer System Operating Expenses” means the costs, fees and expenses incurred or to be incurred by or for the Authority (i) in connection with the operation of the Sewer System, including, without limitation, all costs, fees and expenses incurred or to be incurred in connection with operating, maintaining, repairing, insuring or providing services to the Sewer System, or of collecting, treating and disposing of sanitary sewage through any other means to Persons within the Zone of Assessment, (ii) the applicable proportionate charge, as determined from year to year by the Authority, of the administrative and general operating expenses of the

Authority to the Zone of Assessment (iii) any credit enhancement, remarketing, trustee, fiscal advisory, legal, accounting or similar or related cost, fee or expenses incurred or to be incurred and payable by the Authority and not paid out of Bond proceeds with respect to either the 2004 Bonds or any Additional Indebtedness if the Authority determines such Additional Indebtedness benefit the Zone of Assessment, and (iv) the fees and expenses incurred or estimated to be incurred by or for the Authority associated with the collection of Sewer Rents.

"State" means the State of New York.

"Stipulated Interest Rate" shall be the rate of interest provided in Section 3-a of the General Municipal Law of the State, as the same may be amended from time to time.

"Trustee" means the Trustee for the Bondholders appointed under the Bond Resolution.

"2004 Bonds" means the 2004 Bonds as defined in the Bond Resolution.

"Zone of Assessment" means the area within Part County Sewer District No. 3 in the Town of Beekman having those boundaries set forth in Appendix A attached hereto and made a part hereof.

Words of masculine gender shall mean and include correlative words of feminine and neuter genders. Words importing the singular number shall mean and include the plural number, and vice versa.

## ARTICLE 2.

### REPRESENTATIONS AND WARRANTIES

SECTION 2.1. Representations and Warranties of the County. The County represents and warrants as follows:

(a) The County is a municipal corporation of the State, constituting a political subdivision thereof, duly created and validly existing under the Constitution and laws of the State.

(b) The Sewer District is a part County sewer district embracing all the territory located within the Zone of Assessment, duly created and validly existing under the Constitution and laws of the State, having those powers as are provided in Article 5-A of the County Law of the State and the Act and governed in accordance with the provisions of the County Law of the State.

(c) The County has the right and lawful authority and power to execute and deliver this Service Agreement, to perform the obligations and covenants contained herein and to consummate the transactions contemplated hereby.

(d) The County has duly authorized, by all necessary actions, the execution and delivery hereof and the performance of the obligations and covenants hereunder and the consummation of the transactions contemplated hereby.

(e) This Service Agreement constitutes a legal, valid and binding obligation of the County, enforceable against the County in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or other laws relating to the enforcement of creditors' rights generally or the availability of any particular remedy.

(f) This Service Agreement, the execution and delivery hereof and the consummation of the transactions contemplated hereby (i) do not and will not in any material respect conflict with, or constitute on the part of the County a breach of or default under (a) any existing law, administrative regulation, judgment, order, decree or ruling by or to which their revenues, properties or operations are bound or subject or (b) any agreement or other instrument to which the County is a party or by which it or any of its revenues, properties or operations are bound or subject, and (ii) except as expressly set forth herein or authorized hereby, will not result in the

creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the County's revenues, properties or operations.

(g) All consents, approvals, authorizations or orders of, or filings, registrations or declaration with, any court, governmental authority, legislative body, board, agency or commission which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the County of its obligations hereunder or the consummation of the transactions contemplated hereby, have been duly obtained and are in full force and effect.

(h) Except as set forth in the offering prospectus, official statement or other disclosure document prepared by the Authority with respect to the issuance of the Bonds, no action, suit, proceeding or investigation, in equity or at law, before or by any court or governmental agency or body, is pending or, to the best knowledge of the County, threatened, wherein an adverse decision, ruling or finding might adversely affect the transactions contemplated hereby or the validity or enforceability hereof or of any agreement or instrument to which the County is a party or any revenues or properties of the County and which is used or is contemplated for use in the consummation of the transactions contemplated hereby.

SECTION 2.2. Representations and Warranties of the Authority. (a) The Authority is a public corporation and a body corporate and politic, constituting a public benefit corporation, duly created and validly existing under the Constitution and laws of the State.

(b) The Authority is the lawful owner of the Sewer System and possesses all required permits to collect, treat and dispose of sanitary sewage from Persons within the Zone of Assessment and to operate the Sewer System..

(c) The Authority has the right and lawful authority and power to execute and deliver this Service Agreement, to perform the obligations and covenants contained herein and to consummate the transactions contemplated hereby.

(d) The Authority has duly authorized, by all necessary actions, the execution and delivery hereof and the performance of its obligations and covenants hereunder and the consummation of the transactions contemplated hereby.

(e) This Service Agreement constitutes a legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or other laws relating to the enforcement of creditors' rights generally or the availability of any particular remedy.

(f) This Service Agreement, the execution and delivery hereof and the consummation of the transactions contemplated hereby (i) do not and will not in any material respect conflict with, or constitute on the part of the Authority a breach of or default under (a) any existing law, administrative regulation, judgment, order, decree or ruling by or to which it or its revenues, properties or operations are bound or subject or (b) any agreement or other instrument to which the Authority is a party or by which it or any of its revenues, properties or operations are bound or subject, and (ii) except as expressly set forth herein or authorized hereby, will not result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the Authority's revenues, properties or operations.

(g) All consents, approvals, authorizations or orders of, or filings, registrations or declarations with, any court, governmental authority, legislative body, board, agency or commission which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by

the Authority of its obligations hereunder or the consummation of the transactions contemplated hereby, have been duly obtained and are in full force and effect.

(h) Except as set forth in the offering prospectus, official statement or other disclosure document prepared by the Authority with respect to the issuance of the Bonds, no action, suit, proceeding or investigation, in equity or at law, before or by any court or governmental agency or body, is pending or, to the best knowledge of the Authority, threatened wherein an adverse decision, ruling or finding might adversely affect the transactions contemplated hereby or the validity or enforceability hereof or of any agreement or instrument to which the Authority is a party or any revenues or properties of the Authority and which is used or is contemplated for use in the consummation of the transactions contemplated hereby.

### ARTICLE 3.

#### PROVISION AND PURCHASE OF SERVICES

SECTION 3.1. Sewer Service; Authority's Obligations. Upon the terms and conditions hereof, including, specifically and without limitations, Articles 4 and 5 hereof, the Authority shall provide to the County, and the County shall accept and pay for, Sewer Service.

### ARTICLE 4.

#### THE SEWER SYSTEM; OPERATION AND MAINTENANCE; INSURANCE

SECTION 4.1. The Sewer System. The Authority shall notify the County of the existence or occurrence of any (a) circumstances of which the Authority shall have actual knowledge and which could directly and materially adversely affect the ability of the Sewer System to provide Sewer Service or of the Authority to provide Sewer Service in accordance with this Service Agreement and (b) inquiry with respect to the Sewer System or the Authority's provision of Sewer Service by a federal or State authority of which the Authority has actual

knowledge. The County shall have the right to assist or participate, at its expense, in any action or proceeding in which the Authority shall have a right to participate relating thereto.

SECTION 4.2. Minimum Operation and Maintenance Standard for Sewer System. (a)

Solely for the purpose of assuring that the Sewer System will conform to the needs of the County, the Authority will operate the Sewer System so as to be capable of collecting, treating and disposing of sanitary sewage collected from Persons within the Zone of Assessment in compliance with the Act and with applicable Governmental Requirements.

(b) The Authority agrees that during the Service Agreement Term it will operate and maintain the Sewer System and every part and parcel thereof in accordance with good commercial practice and in any event will (i) keep the Sewer System in good and safe condition, repair, working order and condition, ordinary wear and tear excepted; (ii) promptly make all necessary repairs, replacements and renewals to the Sewer System (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); (iii) maintain the Sewer System in a neat and orderly condition, ordinary wear and tear excepted, and in a condition which permits compliance with, and the Authority will operate the Sewer System in compliance with, all applicable Governmental Requirements, including without limitation all federal, State and local laws relating to labor, wages, nondiscrimination, pollution discharge, environmental control, safety and other regulatory requirements; (iv) protect the Sewer System against deterioration, other than that attributable to ordinary wear and tear; (v) comply with such standards and periodic maintenance inspections as shall be required to enforce warranty and similar claims against contractors for the Sewer System and any standards imposed by any insurance policies in effect at any time with respect to the Sewer System or any part thereof; (vi) provide all necessary labor, materials and equipment for the proper operation and maintenance of



the Sewer System; (vii) cause the Sewer System at all times to be operated and maintained as a sewer system; (viii) maintain the safety of the Sewer System at a level consistent with applicable law and the sound operation of a sewer system; and (ix) maintain the Sewer System in working order, ordinary wear and tear excepted, and in as reasonably safe condition as its operations shall permit. Notwithstanding any of the foregoing, unless a Service Event of Default shall have occurred and be continuing (A) the Authority may provide that the operation of the Sewer System may be subject to periodic, scheduled or unscheduled, partial shutdowns of portions of the Sewer System for maintenance or repair, (B) compliance with applicable Governmental Requirements is subject to the provisions of Section 4.6 hereof and, (C) no repair, replacement or maintenance shall be required hereunder or under the provisions of Section 4.3 or 4.4 hereof with respect to portions of the Sewer System which the Authority, with the consent of the County, determines are no longer necessary to the provision of Sewer Service.

SECTION 4.3. Insurance Required. Without limiting any of the other obligations of the Authority under this Service Agreement, at all time throughout the Service Agreement Term the Authority shall maintain or cause to be maintained at least the following minimum insurance coverage with respect to the Sewer System:

(a) property damage insurance with respect to any at or above ground physical structures of the Sewer System insuring against loss or damage from all risks customarily insured against by Person of established reputation under "all-risk" policies with respect to a sewer collection, treatment and disposal system similar to the Sewer System, including, without limitation, insurance against loss or damage from all risk of physical damage;

(b) "boiler and machinery" property damage insurance with respect to damage (not insured against pursuant to paragraph (a) above) to the machinery, plants, equipment, storage

facilities and similar apparatus included in the Sewer System from risks customarily insured against under "boiler and machinery" policies in an amount equal to the amount established from time to time known as the "maximum probable loss" that may result from the damage insured against under this paragraph (b);

(c) automobile liability coverage, with limits of not less than one million dollars (\$1,000,000) for each occurrence;

(d) comprehensive general public liability insurance applicable to the Sewer System, including, without limitation, blanket contractual, personal injury, property damage (including broad form property damage and explosion, collapse, and underground property damage) and damage to property of others, including resultant loss of use therefrom, with limits of one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) for primary coverage and five million dollars (\$5,000,000) for excess coverage. All such policies listed in this subparagraph (d) shall list the County as an additional insured;

(e) Workers' Compensation insurance in the statutory amount, covering all employees of the Authority; and

(f) such other insurance with respect to the Sewer System in such amounts and against such hazards as is customarily carried by Persons of established reputation operating a sewer collection, treatment and disposal system similar to the Sewer System.

All premiums with respect to the foregoing insurance shall be paid when due by the Authority and shall constitute an Operating Expense.

**SECTION 4.4. Additional Provisions Respecting Insurance.** (a) All insurance required by Section 4.3 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Authority and authorized to write

such insurance in the State. Such insurance may provide deductible amounts in such maximum amounts as may be recommended by an independent insurance consultant retained by the Authority. All insurance policies carried in accordance with Section 4.3 hereof and all policies taken out in substitution or replacement for any such policies shall provide that the insurance shall not be invalidated by any action or inaction of any Person and shall insure the Authority regardless of any breach or violation by any Person of any warranties, declarations or conditions contained in such policies, shall provide that as against the Authority the insurers shall waive any rights of subrogation, any right of set-off and counterclaim and any other right of deduction whether by attachment or otherwise (except for claims arising out of the willful misconduct or gross negligence of such insured), and shall provide that if such insurance is canceled for any reason whatever, or is changed in any material respect or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective for 30 days after receipt by the Authority of written notice from such insurers of such cancellation, change or lapse; provided, however, that if it is not commercially practicable at the time of contracting for such insurance to obtain the requirements specified above, such policies shall provide for such requirements for as long a period as shall then be commercially practicable to obtain, if any. Each insurance policy required under Section 4.3 hereof shall be primary without right of contribution from any other insurance which is carried by or on behalf of the Authority.

SECTION 4.5. Certificates, etc. (a) On or before the Closing Date, and annually on or before each January 1 thereafter, the Authority will furnish to the County, to the Trustee and to any Credit Facility Provider a certificate of a firm of independent insurance brokers (i) certifying that the insurance then carried and maintained on the Sewer System complies with the terms hereof, (ii) identifying underwriters, type of insurance, insurance limits and policy term, and (iii)

specifically listing the special provisions enumerated for such insurance required by Section 4.4. Upon request, the Authority will furnish to the County, to the Trustee and to any Credit Facility Provider copies of all insurance policies, binders and cover notes or other evidence of such insurance relating to the Sewer System. The Authority will cause such firm to advise the Authority, the County, the Trustee and any Credit Facility Provider in writing promptly of any default in the payment of any premium and of any other act or omission of which they have knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Sewer System.

SECTION 4.6. Obligation to Rebuild. If the Sewer System shall be damaged or destroyed at any time or title to, or the use of, any part of the Sewer System shall be taken by Condemnation, in a manner not resulting in a Service Failure, the Authority shall, from the proceeds of any Condemnation award or insurance received by the Authority or from moneys received by the Authority from the County or any other Person, and as provided in the Bond Resolution, promptly replace, repair, rebuild or restore the Sewer System to substantially the same condition and value as an operating entity as existed prior to such damage or destruction or Condemnation, with such changes, alterations and modifications as may be desired by the Authority, provided that such changes, alterations or modifications do not change the nature of the Sewer System adversely affecting the tax-exempt status of the interest payable on the Bonds.

SECTION 4.7. Replacement of Parts. Except after a Service Failure, the Authority will promptly replace all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. The Authority may remove in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized,

confiscated, damaged beyond repair or permanently rendered unfit for use, provided that the Authority will replace such Parts as promptly as possible. All replacement Parts shall be free and clear of all Liens and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. Any cost incurred by the Authority in complying with this Section 4.7 shall constitute a Sewer System Operating Expense.

SECTION 4.8. Alterations Required by Law. Except after a Service Failure, the Authority shall during the Operating Term make such Alterations to the Sewer System as may be required from time to time to meet Governmental Requirements as soon as practicable after any such Governmental Requirements shall arise and, in any event, within the period specified by applicable law or by such Governmental Requirement, except to the extent Section 4.9 hereof shall apply. The Authority shall pay for the cost of any Alteration required by law through Additional Indebtedness or moneys available from any other source. The Authority shall use its best efforts to issue Additional Indebtedness to raise money to make such payment if the Authority determines the issuance of Additional Indebtedness to be financially prudent. The consent of the County to the issuance of any such Additional Indebtedness shall not be required. The Authority, prior to the issuance of any such Additional Indebtedness, shall provide the County with a written notice setting forth in reasonable detail the following:

- (a) a description of the nature of and reason for the Alteration required to be made;
- and
- (b) an estimate of the cost of such Alteration.

SECTION 4.9. Permitted Contests. If, to the extent and for so long as (a) any contest with respect to any applicable Governmental Requirement relating to the operation or

maintenance of the Sewer System shall be prosecuted in good faith by the Authority or the County or (b) compliance with such Requirement shall have been excused or exempt by a valid nonconforming use permit, waiver, extension or forbearance believed in good faith by the Authority or the County to exempt it from such requirement, the Authority shall not be required to comply with such requirement so long as such contest is being prosecuted or so long as such waiver, extension or forbearance from compliance with such requirement shall be in effect but only if such contest shall not, in the reasonable opinion of the Authority, involve any reasonable likelihood of any (i) foreclosure, sale, forfeiture or loss of, any part of the Sewer System or of impairment of the operation of the Sewer System, (ii) the nonpayment of Service Fees, or (iii) a Service Failure.

SECTION 4.10. Maintenance Reports. The Authority shall throughout the Service Agreement Term keep such maintenance and repair reports as are customarily kept by Persons of established reputation operating similar properties and as a subsequent operation of the Sewer System would require. Such reports shall be kept on file by the Authority at its offices and shall be made available to the County, to the Trustee and to any Credit Facility Provider upon reasonable request.

## ARTICLE 5.

### TERM AND SERVICE FEE

SECTION 5.1. Term. This Service Agreement shall be in effect during the Basic Service Agreement Term and, if the County shall elect on the terms and conditions of Section 6.1, during any Renewal Service Agreement Term.

SECTION 5.2. Service Fee. (a) The County shall pay to the Authority on each Service Fee Payment Date a Service Fee equal to the sum of (i) the amount of principal of, interest on and redemption premium for, if any, the 2004 Bonds becoming due during the calculation

period, including coverage requirements required under the Bond Resolution, if any, less investment earnings on deposit in the accounts for the 2004 Bonds in the Debt Service and Sinking Fund created and maintained pursuant to Section 5.7 of the Bond Resolution, if any, (ii) the amount of principal of, interest on and the redemption for, if any, less investment earnings on deposit in the account for such Additional Indebtedness in the Debt Service and Sinking Fund created and maintained pursuant to Section 5.7 of the Bond Resolution, if any, any Additional Indebtedness becoming due during the calculation period, including coverage requirements required under the Bond Resolution, if any, to pay costs of Alterations to the Sewer System as may be required from time to time to meet Governmental Requirements as provided in Section 4.5 hereof, (iii) the amount of principal of, interest on and redemption for, if any, less investment earnings on deposit in the account for such Additional Indebtedness in the Debt Service and Sinking Fund created and maintained pursuant to Section 5.7 of the Bond Resolution, if any, any other Additional Indebtedness due during the calculation period, including coverage requirements required under the Bond Resolution, if any, the issuance and the inclusion as a component of the Service Fee to which the County, as evidenced by resolution of the County Legislature, has consented, (iv) the amount, if any, required to be deposited during the calculation period in any reserve fund established under the Bond Resolution, and (v) the amount of Sewer System Operating Expenses, less the amount deposited in the Sewer System Operating Expense Account, as provided in paragraph (b) of this Section 5.2. For purposes of this Section, a calculation period shall be (i) for payments due under the Bond Resolution, amounts payable on any Payment Date, as defined in the Bond Resolution, occurring during the period commencing on a Service Fee Payment Date and ending the Business Day preceding the next following Service Fee Payment Date and (ii) for Sewer System Operating Expenses,

amounts certified to the County by the Authority either as having been paid by the Authority for such expenses from revenues raised by the Authority other than through Sewer Rents, as defined in paragraph (b) of this Section 5.2, or as being payable by the Authority for such expenses payment of which the Authority does not have funds available for, and, in either case, not yet paid to the Authority by the County, such certificate to be delivered to the County not less than thirty (30) Business Days prior to the Service Fee Payment Date on which such payments shall be made by the County to the Authority. Any amounts paid by the County to the Authority for Sewer System Operating Expenses as herein provided shall be repaid by the Authority to the County from revenues raised by the Authority through Sewer Rents as soon as practicable under the circumstances.

(b) The Authority hereby covenants and agrees during the Service Agreement Term (i) to raise such amounts as are necessary to pay Sewer System Operating Expenses through Sewer Rents pursuant to and in accordance with the applicable provisions of the Act within the Zone of Assessment, (ii) to deposit all revenues raised through Sewer Rents in the Zone of Assessment in a separate account to be identified as the "Sewer System Operating Expense Account" and expend the same only to the payment of Sewer System Operating Expenses, (iii) to promptly, as soon as such information is available, notify the County of the amounts, if any, which the County must raise to pay the amount of Sewer System Operating Expenses, after giving effect to the amount deposited or anticipated to be deposited in the Sewer System Operating Expense Account; provided, however, that the amount of Sewer Rents so to be raised shall be reduced by the amount of moneys from any other source deposited or estimated to be available for timely deposit in the Sewer System Operating Expense Account.



(c) The County hereby covenants and agrees during the Service Agreement Term to raise moneys through the levy of benefit assessments to pay all or any portion of the Service Fees due under this Service Agreement to pay the principal amount of, interest on and redemption premiums for, if any, the 2004 Bonds becoming due during any calendar year, including coverage requirements required under the Bond Resolution, if any, through the annual levy of benefit assessments to be levied upon real property only in the Zone of Assessment.

SECTION 5.3. Payment on Business Days. If any date on which payment of a Service Fee becomes due and payable is not a Business Day, then such payment need not be made on such scheduled date but may be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date and (provided such payment is made on such next succeeding Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date.

SECTION 5.4. Place of Payment. All Service Fees shall be paid by the County in immediately available funds before noon, local time at the place of payment, on the due dates therefor at any banking institution in the State with wire transfer facilities which the Authority may designate.

SECTION 5.5. Late Payment. If any Service Fee shall not be paid at the place and time provided in Section 5.4 hereof, the County shall pay to the Authority interest (to the extent permitted by law) on such overdue amount from and including the due date thereof to but excluding the date of payment thereof (unless such payment shall be made after noon, local time, at the place of payment on such date of payment, in which case such date of payment shall be included) at the Stipulated Interest Rate. If any Service Fee shall be paid on the date when due,

but after noon, local time, at the place of payment, interest shall be payable as aforesaid for one day.

SECTION 5.6. Nature of Obligations. (a) Notwithstanding any other provision of this Service Agreement other than Section 5.7, the County shall pay all Service Fees without notice (except to the extent expressly provided herein) or demand and without abatement, suspension, deferment, diminution, reduction, counterclaim, setoff, deduction or defense (except the defense of prior payment) whether or not the County shall have collected all benefit assessments lawfully levied therefor. The obligations of the County hereunder shall not be released, discharged or otherwise affected for any reason (except as expressly provided in Section 5.7), including without limitation (i) any defect in the design, operation, condition, quality, merchantability or fitness for use of the Sewer System or any part thereof, (ii) any damage to, or removal, abandonment, salvage, loss, scrapping, reduction, Condemnation, requisition or taking of the Sewer System or any part thereof, or any commercial frustration of purpose, (iii) any restriction, prevention or curtailment of or interference with Sewer Service or any use of the Sewer System or any part thereof, (iv) any defect in title to the Sewer System or any Lien on such title or on the Sewer System, (v) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of the Authority, (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the County, the Authority, the Trustee, or any other Person, or any action taken with respect to this Service Agreement by any custodian, trustee or receiver of any of the foregoing Persons or by any court in any such proceeding, (vii) any claims that the County has or might have against any Person, including without limitation the Authority, the Trustee, or any Bondholder, (viii) any change in Governmental Requirements or any failure on the part of the Authority to perform or

comply with any term hereof or of any other agreement or (ix) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not the County shall have notice or knowledge of any of the foregoing. Neither this Service Agreement nor any provision hereof may be canceled by the County for any reason, and, except as expressly provided in Section 5.7, the County, to the extent permitted by law, waives all rights now or hereafter conferred by statute, constitution or otherwise to terminate or cancel this Service Agreement, or any provision hereof, or to any diminution or reduction of any Service Fee.

(b) Unless there shall have been a Service Failure, the Authority shall be conclusively deemed to have fully discharged its obligation to provide Sewer Service, notwithstanding any reduction, suspension, curtailment or temporary failure of Sewer Service, or any other circumstance, regardless of its substantiality, duration or cause.

SECTION 5.7. Service Failure. (a) Notwithstanding Section 5.6 or any other provision hereof or of the Bond Resolution, and whether or not this Service Agreement shall have been terminated pursuant to the terms of this Service Agreement or otherwise, the County shall have no obligation during a Service Failure to pay Service Fees on a Service Fee Payment Date.

(b) The Authority, at its option, may cure any Service Failure, provided that (i) within 30 days of the commencement of the Service Failure the Authority delivers to the County a notice (i) of its intention to cure, and (ii) which specifies in reasonable detail the action intended to be taken with respect thereof and the anticipated date of cure and (iii) within 90 days of the commencement of the Service Failure such cure has been completed. Thereafter, the County's obligation to pay Service Fees shall be reinstated, and on the next succeeding Service Fee Payment Date the County shall pay the Service Fee that would otherwise have been payable on such Service Fee Payment Date. The County acknowledges that, pursuant to the Bond

Resolution, the rights of the Authority under this Section 5.7(b) have been assigned to the Trustee, to the extent provided therein. This Service Agreement shall terminate after a Service Failure shall have occurred when it is no longer possible to exercise cure rights pursuant to this Section 5.7(b).

(c) Other than as expressly provided in Section 5.7(a) and (b), the County shall not be released during any Service Failure from any obligation hereunder notwithstanding any diminution, reduction, abatement, suspension, restriction, prevention or curtailment of or interference with Sewer Service.

## ARTICLE 6.

### RENEWAL OPTIONS

(a) Unless a Service Event of Default shall have occurred and be continuing, at the time of the notice given pursuant to Section 6.1(b) or at the end of the Basic Service Agreement Term or any Renewal Service Agreement Term during which such notice is given, the County shall have the right, at its option, to renew this Service Agreement (i) at the end of the Basic Service Agreement Term for a period of years not exceeding twenty as the County, in its sole judgment, may determine, commencing at the end of the Basic Service Agreement Term (the "First Renewal Service Agreement Term"), and (ii) if it shall have exercised its option to renew at the end of the Basic Service Agreement Term, at the end of the First Renewal Service Term for such additional periods not exceeding twenty years each as the County, in its sole judgment, may determine, commencing at the end of any such Renewal Service Agreement Term (each renewal being an "Additional Renewal Service Agreement Term").

(b) To exercise any option to renew this Service Agreement for any Renewal Service Agreement Term, the County shall give the Authority and the Trustee written notice of its election to so renew at least six months (which notice shall be tentative) and at least one month

(which notice shall be irrevocable) prior to the commencement date of such Renewal or Additional Renewal Service Agreement Term.

(c) All the provisions of this Service Agreement shall be applicable during any Renewal or Additional Renewal Service Agreement Term.

#### ARTICLE 7.

##### DISCLAIMER OF WARRANTIES

NEITHER THE AUTHORITY NOR THE TRUSTEE HAS MADE OR SHALL BE DEEMED TO HAVE MADE TO THE COUNTY ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE TITLE, MERCHANTABILITY, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, OPERATION, FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT, ABSENCE OF LATENT DEFECTS OR FITNESS FOR USE OF THE SEWER SYSTEM (OR ANY PART THEREOF) OR THE SEWER SERVICE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE SEWER SYSTEM (OR ANY PART THEREOF) OR THE SEWER SERVICE. The provisions of this paragraph have been negotiated, and, except to the extent otherwise expressly stated, the foregoing provisions are intended to be a complete exclusion and negation of any representation or warranty by either the Authority or the Trustee, express or implied, with respect to the Sewer System or the Sewer Service, that may arise pursuant to any law now or hereinafter in effect or otherwise.

#### ARTICLE 8.

##### INFORMATION AND INSPECTION

(a) The Authority shall furnish to the County, the Trustee and any Credit Facility Provider such information concerning the condition, use and operation of the Sewer System as

the County, the Trustee and any Credit Facility Provider may reasonably request. Additionally, the Authority shall permit any authorized representative of the County, the Trustee and any Credit Facility Provider, at such Person's risk and expense, to visit and inspect the Sewer System, its condition, use and operation and the records maintained in connection therewith, provided that such visits and inspections do not interfere with the operations of the Sewer System or the Authority and are scheduled at the reasonable request of the County, the Trustee and any Credit Facility Provider at times mutually convenient to such Person and the Authority, the Authority hereby agreeing to make all reasonable efforts to arrange for such visits and inspections at times convenient for such Person. Neither the County, the Trustee or any Credit Facility Provider shall have any duty to make any such inspection nor shall any of them incur any liability or obligation by reason of not making any such inspection.

(b) The Authority and the County shall each forward to any Credit Facility Provider such financial information and other information about themselves as any Credit Facility Provider may reasonably request.

#### ARTICLE 9.

#### NO INTEREST CONVEYED TO COUNTY

This Service Agreement does not convey to the County any right, title or interest in or to the Sewer System.

#### ARTICLE 10.

#### ASSIGNMENT

Neither the Authority nor the County shall assign any of its right or interest hereunder except as provided in Section 14.2. No such assignment by the County shall release the County from any of its obligations or liabilities of any nature whatsoever arising under this Service Agreement. The rights and obligations of the Authority and the County hereunder shall inure to

the benefit of, and be binding upon, the permitted successors and assigns of the Authority and the County, respectively.

## ARTICLE 11.

### EVENTS OF DEFAULT

The following events shall be Service Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body).

(a) the County shall fail to make any payment of a Service Fee within 15 days of the date due;

(b) the County shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder, and such condition shall materially impair the ability of the County to perform any material obligation hereunder and such failure shall continue unremedied for a period of 60 days after written notice thereof from the Authority.

(c) any representation or warranty made by the County herein proves to be false or misleading in any material respect, and such condition shall materially impair the ability of the County to perform any material obligation hereunder and shall continue unremedied for a period of 60 days after written notice thereof by the Authority; or

(d) the County shall file any petition for dissolution or liquidation of the County, or the County shall commence a case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the County shall have consented to the entry of an order for relief in a case under any such law, or the County generally shall fail to pay its debts as such debts become due, or the County shall fail promptly to satisfy or discharge any execution, garnishment or attachment of such consequences as may impair its ability to carry out its

obligations under this Service Agreement, or a receiver, custodian or trustee (or other similar official) for the County or any substantial part of its property shall have been appointed or taken possession thereof, or the County shall make a general assignment for the benefit of its creditors, or the County shall enter into an agreement or composition with its creditors, or the County shall take any action in furtherance of any of the foregoing; or there shall be filed against the County a petition in bankruptcy which results in an order for relief being entered or, notwithstanding that an order for relief has not been entered, the petition is not dismissed within 90 days of the date of the filing of the petition, or there shall be filed under any federal or State law relating to bankruptcy, insolvency or relief of debtors of a petition against the County for reorganization, composition, extension or arrangement with creditors which either (i) results in a finding or adjudication of insolvency of the County or (ii) is not dismissed within 90 days of the date of the filing of such petition.

## ARTICLE 12.

### ENFORCEMENT

SECTION 12.1. Remedies. Upon the occurrence of a Service Event of Default, and at any time thereafter so long as the same shall be continuing, the Authority may, at its option, by notice to the County declare this Service Agreement to be in default, and thereupon or at any time thereafter the Authority may proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

It is understood that the Authority may not accelerate the payment of Service Fees upon the occurrence of any Service Event of Default.

SECTION 12.2. Survival of County's Obligations. The County shall remain and be liable, except as otherwise provided in Section 5.7 hereof, for any and all unpaid Service Fees due hereunder before, after or during the exercise of any of the foregoing remedies, including



without limitation all reasonable legal fees and other costs and expenses incurred by the Authority and the Trustee by reason of the occurrence of any Service Event of Default or the exercise of the Authority's remedies with respect thereto.

SECTION 12.3. Remedies Not Exclusive, etc. No remedy referred to in Article 12 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Authority at law or in equity; and the exercise or beginning of exercise by the Authority of any one or more of such remedies shall not preclude the simultaneous or later exercise by the Authority of any or all of such other remedies. No express or implied waiver by the Authority of any Service Event of Default shall in any way be, or construed to be, a waiver of any future or subsequent Service Event of Default.

#### ARTICLE 13.

##### RIGHT TO PERFORM FOR COUNTY

If the County shall fail to make any payment of any Service Fee or shall fail to perform or comply with any of its other agreements contained herein, the Authority may make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the expenses of the Authority incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Stipulated Interest Rate, shall be deemed to be a part of the next Service Fee payable by the County.

#### ARTICLE 14.

##### MISCELLANEOUS

SECTION 14.1. Notices. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given to any Person shall be given in writing and sent to the

address specified in the Bond Resolution and shall become effective three Business Days after being deposited in the mails, certified or registered with appropriate postage prepaid for first-class mail or, if delivered by hand or in the form of a telex or telegram, when received, and shall be directed to the address of such Person. From time to time any such Person may designate a new address for purposes of communications hereunder by notice to the Authority, the County and the Trustee.

SECTION 14.2. Assignment. (a) In order to secure the obligations of the Authority under the Bond Resolution, the Bond Resolution provides for the assignment to the Trustee of its interest in this Service Agreement, subject to the reservations and conditions therein set forth. The County hereby acknowledges receipt of copies of the Bond Resolution, consents thereto and to the assignment effected thereby and (i) agrees that all its obligations and liabilities under the Service Agreement inure to the benefit of may be enforced by the Trustee pursuant to the Bond Resolution, to the extent assigned to the Trustee, and (ii) agrees to pay directly to the Trustee all amounts under such Sections of this Service Agreement to the extent required to discharge the Authority's obligations to the Trustee as are then due and owing pursuant to the Bond Resolution.

(b) Nothing contained in this Service Agreement shall prevent the consolidation of the County with, or merger of the County into, or transfer of all or substantially all the County's property and assets as an entirety to, any other political subdivision of the State which has the legal authority to perform the obligations of the County hereunder, or prevent the division of the County into one or more political subdivisions, provided that (i) the exempt status of the interest on the Bonds shall not be adversely affected thereby, (ii) immediately after giving effect to such consolidation, merger, transfer or division, no Service Event of Default shall have occurred and

be continuing, (iii) upon any such consolidation, merger, transfer or division, the due and punctual performance and observance of all the agreements and conditions of this Service Agreement to be kept and performed by the County shall be expressly assumed in writing by the political subdivision or subdivisions resulting from such consolidation or surviving such merger or to which such property and assets shall be transferred or resulting from such division, and (iv) the County shall have given notice in reasonable detail to the Authority, any Credit Facility Provider, and the Trustee of any such consolidation, merger, transfer or division reasonably in advance of the consummation thereof.

SECTION 14.3. Performance of Obligations to Authority, Trustee, and Credit Facility Provider. The provisions of this Service Agreement which require or permit action by, the consent, approval or authorization of, the furnishing of any notice, document, paper of information to, or the performance of any other obligation to, the Authority, the Trustee, and any Credit Facility Provider shall not be effective, and the Section hereof containing such provisions shall be read as though there were no such requirement or permissions, after all the Bonds shall have been paid in full (or after provision for payment thereof has been made in accordance with Article 14 of the Bond Resolution).

SECTION 14.4. Binding Effect; Successors and Assigns. The terms and provisions of this Service Agreement, and the respective rights and obligations hereunder of the County, the Authority and the Trustee, shall be binding upon their respective successors and assigns and inure to the benefit of their respective permitted successors and assigns.

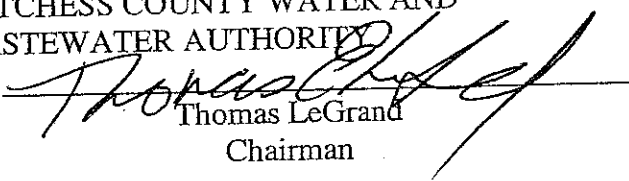
SECTION 14.5. County Levy. At the timely request of the Authority, at the time of the annual levy of County taxes the County shall, to the extent permitted by law, levy the amounts of any Sewer Rents duly imposed by the Authority in accordance with the Act in the Zone of

Assessment, which then remain delinquent and uncollected against the respective parcels within the Zone of Assessment.

SECTION 14.6. Severability. In case any one of more of the provisions contained in this Service Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Service Agreement, and this Service Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

IN WITNESS WHEREOF, the Authority and the County have each caused this Service Agreement to be duly executed as of the day and year first above written.

DUTCHESS COUNTY WATER AND  
WASTEWATER AUTHORITY

By: 

Thomas LeGrand  
Chairman

COUNTY OF DUTCHESS, NEW YORK 

By: 

William Steinhaus  
County Executive

STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF DUTCHESS    )

On this 30<sup>th</sup> day of September in the year 2004 before me, the undersigned, a notary public in and for said State, personally appeared Thomas LeGrand personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Rose M. Wojcik  
Notary Public

ROSE M. WOJCIK  
Notary Public, State of New York  
Qualified in Dutchess County  
Reg. No. 01W06019008  
Commission Expires Feb. 1, 2007

STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF DUTCHESS    )

On this 16 day of September in the year 2004 before me, the undersigned, a notary public in and for said State, personally appeared William Steinhaus personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Suzanne D. Ohlman  
Notary Public

SUZANNE D. OHLMAN  
Notary Public, State of New York  
Reg. No. 11-01-02666  
Qualified in Dutchess County  
Commission Expires 2/28/20 06

**APPENDIX B**

**FORM OF TRUST INDENTURE TO BE DATED OCTOBER 15, 2025**

DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY  
TO  
MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE

---

TRUST INDENTURE

Dated as of October 15, 2025

---



## TABLE OF CONTENTS

Page

### ARTICLE I. GENERAL PROVISIONS

|               |                                       |    |
|---------------|---------------------------------------|----|
| SECTION 1.01. | Authority for the Indenture .....     | 4  |
| SECTION 1.02. | Indenture to Constitute Contract..... | 4  |
| SECTION 1.03. | Scope of Indenture .....              | 4  |
| SECTION 1.04. | Construction.....                     | 4  |
| SECTION 1.05. | Definitions.....                      | 5  |
| SECTION 1.06. | Form of Documents .....               | 13 |

### ARTICLE II. CONCERNING THE BONDS

|               |                                                         |    |
|---------------|---------------------------------------------------------|----|
| SECTION 2.01. | Authorization of Bonds.....                             | 14 |
| SECTION 2.02. | Place, Manner and Source of Payment of Bonds.....       | 14 |
| SECTION 2.03. | Execution of Bonds.....                                 | 15 |
| SECTION 2.04. | Authentication of Bonds .....                           | 15 |
| SECTION 2.05. | Bonds Are Negotiable Instruments.....                   | 15 |
| SECTION 2.06. | Transfer and Exchange of Bonds; Book-Entry System ..... | 15 |
| SECTION 2.07. | Provisions for Bond Register System .....               | 17 |
| SECTION 2.08. | Ownership of Bonds .....                                | 18 |
| SECTION 2.09. | Temporary Bonds.....                                    | 18 |
| SECTION 2.10. | Mutilated, Destroyed, Lost or Stolen Bonds.....         | 19 |

### ARTICLE III. ISSUANCE OF ADDITIONAL BONDS

|               |                                                                                |    |
|---------------|--------------------------------------------------------------------------------|----|
| SECTION 3.01. | Purposes of Additional Parity Indebtedness .....                               | 20 |
| SECTION 3.02. | Conditions Precedent to the Issuance of Additional Parity<br>Indebtedness..... | 20 |
| SECTION 3.03. | Exceptions for Certain Additional Parity Indebtedness.....                     | 22 |
| SECTION 3.04. | Application of Proceeds of Additional Parity Indebtedness.....                 | 23 |
| SECTION 3.05. | Additional Parity Indebtedness .....                                           | 23 |
| SECTION 3.06. | Subordinated Indebtedness .....                                                | 23 |
| SECTION 3.07. | Credit Notes .....                                                             | 24 |

### ARTICLE IV. RATE COVENANT, REVENUES AND FUNDS

|               |                                             |    |
|---------------|---------------------------------------------|----|
| SECTION 4.01. | Pledge of Revenues; Security Interest ..... | 25 |
| SECTION 4.02. | Rate Covenant.....                          | 25 |
| SECTION 4.03. | Schedule of Sewer Rents .....               | 26 |
| SECTION 4.04. | Construction Fund.....                      | 26 |
| SECTION 4.05. | Cost of Issuance Fund.....                  | 28 |
| SECTION 4.06. | Revenue Fund .....                          | 29 |
| SECTION 4.07. | Operating Fund .....                        | 30 |
| SECTION 4.08. | Debt Service and Sinking Fund .....         | 30 |

## TABLE OF CONTENTS

|               | <u>Page</u>                                          |
|---------------|------------------------------------------------------|
| SECTION 4.09. | Debt Service Reserve Fund..... 31                    |
| SECTION 4.10. | Reserve Fund Credit Facility ..... 32                |
| SECTION 4.11. | Rebate Fund ..... 34                                 |
| SECTION 4.12. | Repair and Improvement Fund ..... 35                 |
| SECTION 4.13. | Bond Redemption and Accumulated Surplus Fund..... 35 |
| SECTION 4.14. | Transfer to Other Funds ..... 36                     |
| SECTION 4.15. | Sale of Property..... 36                             |
| SECTION 4.16. | Discontinuation of Funds..... 37                     |
| SECTION 4.17. | Additional Funds or Accounts ..... 37                |

### ARTICLE V. SECURITY FOR AND INVESTMENT AND DEPOSIT OF FUNDS

|               |                                         |
|---------------|-----------------------------------------|
| SECTION 5.01. | Deposits and Security Therefor ..... 38 |
| SECTION 5.02. | Investment of Funds..... 38             |
| SECTION 5.03. | Valuation of Funds..... 39              |

### ARTICLE VI. REDEMPTION OF BONDS

|               |                                      |
|---------------|--------------------------------------|
| SECTION 6.01. | Bonds Subject to Redemption..... 40  |
| SECTION 6.02. | Notice of Redemption ..... 40        |
| SECTION 6.03. | Payment of Redemption Price ..... 41 |
| SECTION 6.04. | Destruction of Bonds ..... 41        |

### ARTICLE VII. INSURANCE

|               |                    |
|---------------|--------------------|
| SECTION 7.01. | Insurance ..... 42 |
|---------------|--------------------|

### ARTICLE VIII. PARTICULAR COVENANTS OF THE AUTHORITY

|               |                                                       |
|---------------|-------------------------------------------------------|
| SECTION 8.01. | Payment of Bonds ..... 43                             |
| SECTION 8.02. | Operation of Facility ..... 43                        |
| SECTION 8.03. | Corporate Existence and Service ..... 43              |
| SECTION 8.04. | No Impairment of Bondholders' Rights ..... 43         |
| SECTION 8.05. | Further Action ..... 43                               |
| SECTION 8.06. | No Extension of Time for Payment of Interest ..... 43 |
| SECTION 8.07. | Financing Statements ..... 43                         |
| SECTION 8.08. | Federal Tax Covenants ..... 44                        |
| SECTION 8.09. | Maintenance of Service Agreement..... 44              |
| SECTION 8.10. | Authority Budget ..... 44                             |
| SECTION 8.11. | Engineer ..... 44                                     |

## TABLE OF CONTENTS

Page

### ARTICLE IX. EVENTS OF DEFAULT AND REMEDIES

|               |                                                      |    |
|---------------|------------------------------------------------------|----|
| SECTION 9.01. | Events of Default Defined .....                      | 46 |
| SECTION 9.02. | Enforcement of Remedies by Trustee.....              | 46 |
| SECTION 9.03. | Effect of Discontinuance of Action .....             | 47 |
| SECTION 9.04. | Control of Proceedings .....                         | 48 |
| SECTION 9.05. | Restriction on Bondholders' Action .....             | 48 |
| SECTION 9.06. | Appointment of Receiver.....                         | 48 |
| SECTION 9.07. | Extension of Maturity of Bonds.....                  | 49 |
| SECTION 9.08. | Modifications with Respect to Credit Facilities..... | 49 |
| SECTION 9.09. | Priority of Payments After Default .....             | 49 |

### ARTICLE X. CONCERNING THE TRUSTEE

|                |                                                                                |    |
|----------------|--------------------------------------------------------------------------------|----|
| SECTION 10.01. | Acceptance of Trust and Duties; Abrogation of Right to Appoint<br>Trustee..... | 51 |
| SECTION 10.02. | No Responsibility for Recitals .....                                           | 51 |
| SECTION 10.03. | Power to Act Through Agents; Liability Limited.....                            | 51 |
| SECTION 10.04. | Compensation .....                                                             | 51 |
| SECTION 10.05. | Notice of Default; Right to Investigate .....                                  | 51 |
| SECTION 10.06. | Obligation to Act on Defaults .....                                            | 52 |
| SECTION 10.07. | Records .....                                                                  | 52 |
| SECTION 10.08. | Reliance on Resolutions, Certificates, etc.....                                | 52 |
| SECTION 10.09. | Trustee May Deal in Bonds .....                                                | 52 |
| SECTION 10.10. | Advances to Cure Defaults .....                                                | 52 |
| SECTION 10.11. | Construction of Indenture .....                                                | 53 |
| SECTION 10.12. | Resignation of Trustee .....                                                   | 53 |
| SECTION 10.13. | Removal of Trustee.....                                                        | 53 |
| SECTION 10.14. | Appointment of Successor Trustee .....                                         | 53 |
| SECTION 10.15. | Qualification of Successor Trustee .....                                       | 54 |
| SECTION 10.16. | Instruments of Succession.....                                                 | 54 |
| SECTION 10.17. | Merger of Trustee .....                                                        | 54 |
| SECTION 10.18. | Actions by Trustee .....                                                       | 54 |
| SECTION 10.19. | No Duty to Effect or Renew Insurance.....                                      | 54 |

### ARTICLE XI. EVIDENCE OF RIGHTS OF BONDHOLDERS

|                |                                    |    |
|----------------|------------------------------------|----|
| SECTION 11.01. | Proof From Registered Owners ..... | 55 |
| SECTION 11.02. | Proof of Writing.....              | 55 |
| SECTION 11.03. | Proof of Bonds Held .....          | 55 |
| SECTION 11.04. | Presumptions.....                  | 55 |

## TABLE OF CONTENTS

Page

### ARTICLE XII. SUPPLEMENTAL INDENTURES

|                |                                                                               |    |
|----------------|-------------------------------------------------------------------------------|----|
| SECTION 12.01. | Supplemental Indentures Without Bondholders' Consent.....                     | 56 |
| SECTION 12.02. | Supplemental Indentures With Bondholders' Consent.....                        | 57 |
| SECTION 12.03. | Effect of Supplemental Indentures.....                                        | 57 |
| SECTION 12.04. | Opinion of Counsel as to Supplemental Indenture; Reliance on<br>Counsel ..... | 58 |
| SECTION 12.05. | Voting Rights .....                                                           | 58 |

### ARTICLE XIII. DEFEASANCE

|                |                    |    |
|----------------|--------------------|----|
| SECTION 13.01. | Defeasance .....   | 59 |
| SECTION 13.02. | Surplus Funds..... | 60 |

### ARTICLE XIV. MISCELLANEOUS PROVISIONS

|                |                                                           |    |
|----------------|-----------------------------------------------------------|----|
| SECTION 14.01. | Benefit of Covenants.....                                 | 61 |
| SECTION 14.02. | No Further Beneficiaries.....                             | 61 |
| SECTION 14.03. | Waiver of Notice.....                                     | 61 |
| SECTION 14.04. | Severability .....                                        | 61 |
| SECTION 14.05. | Substitute Notice .....                                   | 61 |
| SECTION 14.06. | Notices .....                                             | 61 |
| SECTION 14.07. | Successors and Assigns.....                               | 62 |
| SECTION 14.08. | Headings for Convenience Only .....                       | 62 |
| SECTION 14.09. | Counterparts.....                                         | 62 |
| SECTION 14.10. | Payments on Weekends, Holiday .....                       | 62 |
| SECTION 14.11. | No Personal Liability .....                               | 62 |
| SECTION 14.12. | No Indebtedness Created .....                             | 63 |
| SECTION 14.13. | Governing Law .....                                       | 63 |
| SECTION 14.14. | Consents .....                                            | 63 |
| SECTION 14.15. | Construction of Delivery by Trustee or Tender Agent ..... | 63 |
| SECTION 14.16. | Action by Authority .....                                 | 63 |
| SECTION 14.17. | Agreement of the State.....                               | 63 |

THIS TRUST INDENTURE, dated as of October 15, 2025 is by and between the DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY, a public benefit corporation duly organized and existing under the laws of the State of New York and having its principal office at 1 LaGrange Ave, Poughkeepsie, New York 12603 (the "Authority"), and Manufacturers and Traders Trust Company, a banking corporation organized and duly existing under the laws of New York and authorized to accept and execute trusts of the character hereinafter set forth and having its principal office at One Fountain Plaza, Buffalo, New York 14203, as trustee (the "Trustee"):

W I T N E S S E T H:

WHEREAS, Title 6-C of Article 5 of the Public Authorities Law of the State of New York (the "Act") was duly enacted into law as Chapter 592 of the Laws of 1991 of the State of New York and the Authority has acquired the Dalton Farms Sewer System in the Town of Beekman, Dutchess County, New York (the "Sewer System"), and operates and maintains the Sewer System; and

WHEREAS, the Authority is authorized to provide to customers within the County Sewer District No. 3 (the "Service Area") the service of collecting, treating and discharging sewerage generated by such customers ("Sewer Service") and in connection therewith the Authority has entered into an agreement with the County relating to the Authority's providing Sewerage Service (the "Service Agreement"); and

WHEREAS, the Authority proposes to undertake improvements to the Sewer System consisting primarily of the Plum Court Pump Station rehabilitation and proposes to finance the improvements by the issuance of Bonds; and

WHEREAS, the execution and delivery of this Indenture has been duly authorized by the Authority and the Trustee.

NOW, THEREFORE, THIS INDENTURE WITNESSETH (capitalized terms having the meaning ascribed to them in this Indenture), that in order to secure (i) the payment of principal or redemption price of and interest on all Bonds issued and Outstanding under this Indenture according to their tenor, purport and effect, and (ii) the performance and observance of all the covenants, promises, stipulations, agreements, terms, provisions and conditions contained in the Bonds and in the Indenture, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Beneficial Owners in the case of Bonds issued pursuant to the Book-Entry System and Registered Owners in the case of Bonds issued in certificated form, and of the acceptance by the Trustee of the trust hereby created, the Authority, intending to be legally bound, does hereby pledge and grant a security interest unto the Trustee and its successors in the trust and its assigns, in and to the following:

FIRST GRANTING CLAUSE

Subject only to the right of the Authority to apply Revenues to pay Operating Expenses, all right, title and interest of the Authority in and to Revenues.

## SECOND GRANTING CLAUSE

Subject only to the First Granting Clause, all right, title and interest of the Authority in and to the Service Agreement, provided that the Authority shall have full right to act in its own behalf under the foregoing as long as there shall not have occurred and be continuing an Event of Default hereunder.

## THIRD GRANTING CLAUSE

All right, title and interest of the Authority in and to all money and Investment Securities from time to time held by either the Authority or the Trustee in any fund or account created hereunder, provided, however, that money and Investment Securities held in the Rebate Fund established under Section 4.11 hereof shall be applied solely to pay the Rebate Amount to the United States and shall not be available for the payment of any Secured Obligations and any amounts held by the Trustees to pay the purchase price of any Bonds tendered for purchase in accordance with a Supplemental Indenture shall be held exclusively for the benefit of the Registered Owners of such Bonds.

## FOURTH GRANTING CLAUSE

Any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security herewith, by the Authority or any other person on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

## FIFTH GRANTING CLAUSE

All rights and privileges of every kind and nature appurtenant to the properties described in First, Second, Third and Fourth Granting Clauses hereof, all proceeds thereof, and all the right, title and claim whatsoever, at law as well as in equity, which the Authority now has or may hereafter acquire in and to the property described in the above Granting Clauses, or any part thereof, whether now owned or hereafter acquired.

TO HAVE AND TO HOLD all and singular said trust estate sold, assigned, transferred, pledged and set over by the Authority as aforesaid or intended so to be, unto the said Trustee and its successors and assigns, forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, (i) for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds except as otherwise expressly provided herein, (ii) for the benefit of any and all Credit Facility Providers as their interests may appear, and (iii) for the benefit of the holder of any Subordinate Indebtedness, expressly as provided herein;

PROVIDED, HOWEVER, that if the Authority shall (i) well and truly pay, or cause to be paid, all Bonds, at the times and in the manner specified therefor according to the true intent and meaning thereof, or shall provide for the payment thereof as permitted hereunder and (ii) shall well and truly keep, perform and observe all of the obligations other than payment obligations to be kept, performed and observed by it, and (iii) shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments and performance this Indenture and the rights hereby granted, and all interest of the Trustee in the Trust Estate, shall cease, determine and be void, and the Trustee shall forthwith release, surrender and otherwise cancel any interest it may have in this Indenture, otherwise this Indenture to be and remain in full force and effect; and

PROVIDED, FURTHER, HOWEVER, that if there is in effect a Credit Facility issued concurrently with the delivery of any series of Bonds and being security for such series of Bonds, or any replacement thereof permitted in accordance with any Supplemental Indenture pursuant to which the applicable Bonds were issued and there is not then in existence and continuing a Credit Facility Default with respect to any such Credit Facility, the pledge of the Indenture, to the Trustee as security for the Bonds shall be terminated and of no effect only if each Credit Facility Provider shall so notify the Trustee in writing;

AND IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto, that the terms and provisions upon which the Bonds are to be issued, executed, authenticated, delivered and secured, and the trusts and conditions upon which the Trust Estate is to be held and disposed of, which said trust and conditions the said Trustee hereby accepts and agrees to discharge, are as follows:

## ARTICLE I.

### GENERAL PROVISIONS.

SECTION 1.01. Authority for the Indenture. This Indenture is entered into by virtue of the Act and pursuant to its provisions, and the Authority has ascertained and hereby determines that each and every matter and thing as to which provision is made in this Indenture is necessary in order to further secure the payment of the principal of or interest on the Bonds and to carry out and effectuate the purposes of the Authority in accordance with the Act.

SECTION 1.02. Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Secured Obligations and, with/without limitation, the Bonds by the Beneficial Owners in the case of Bonds issued pursuant to the Book-Entry System and Registered Owners in the case of Bonds issued in certificated form from time to time, the provisions of this Indenture shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Registered Owners from time to time of the Secured Obligations and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided herein.

SECTION 1.03. Scope of Indenture. Nothing in this Indenture shall limit the power of the Authority to issue obligations of the Authority outside this Indenture for any lawful purpose of the Authority or from granting liens of any priority on Pledged Revenues of the Authority which are not expressly subordinate to the lien of this Indenture or for granting liens of any priority on revenues of the Authority which are not Revenues as defined herein.

#### SECTION 1.04. Construction.

(a) In this Indenture (except as otherwise expressly provided or unless the context clearly otherwise requires) the singular includes the plural, the masculine includes the feminine, all definitions and references to documents include all amendments or supplements thereto, and all definitions and references to persons or entities include their respective successors and assigns.

(b) Words importing the “redemption” “redeemed” or “calling for redemption” of Bonds do not include or connote the payment of Bonds at their stated maturity, or the payment of Bonds upon declaring such Bonds due and payable in advance of their maturity, or the purchase of Bonds.

(c) All references in this Indenture to designated “Articles,” “Sections” and other subdivisions of this Indenture are to the designated Articles, Sections or other subdivisions of this, instrument as amended from time to time. The words “herein,” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision unless otherwise specified.

SECTION 1.05. Definitions. The following terms whenever used in this Indenture shall have the meanings set forth in this Section except as otherwise expressly provided or unless the context clearly requires otherwise:



“Accountant” means such independent certified public accountant or accounting firm as shall at the time be employed by the Authority for the purpose of performing the functions and duties of the independent certified public accountant under this Indenture or the Act Indebtedness or any Compound Interest Indebtedness.

“Accreted Value” means at any particular time, the value of any Capital Appreciation Indebtedness or any Compound Interest Indebtedness used for the purpose of determining any required principal amount for Bondholders’ consents or approvals, the amount of Bonds Outstanding, the redemption price of such Indebtedness or the priority of any claim for payment of interest or principal upon the occurrence of an Event of Default, all as provided in the Supplemental Indenture authorizing the issuance of any such Capital Appreciation Indebtedness or Compound Interest Indebtedness.

“Accrued Debt Service” means for any calendar month, the sum of Accrued Interest and Accrued Principal for that month for all Outstanding Bonds.

“Accrued Interest” means for any calendar month, the interest component of Debt Service Requirements which has accrued or will accrue on any particular series of Outstanding Bonds during that month less (i) any interest which has accrued but is not due and payable within the twelve (12) month period immediately following such accrual and (ii) any interest component which accrues during such period which is to be paid from money or Investment Securities, or the earnings thereon, which money or Investment Securities are on deposit in a separate fund or account, such as a capitalized interest subaccount, or are otherwise segregated for such purpose. For purposes of this definition the interest component which has accrued but is not due and payable within the twelve (12) month period immediately following such accrual shall be included as Accrued Interest in twelve (12) equal consecutive monthly installments commencing on the twelfth month preceding the payment date. A Supplemental Indenture authorizing the issuance of Additional Parity Indebtedness, with the consent of each Credit Facility Provider, may modify or amend this definition of Accrued Interest for such Additional Parity Indebtedness.

“Accrued Principal” means for any calendar month, the principal component of Debt Service Requirements which has “accrued” or will “accrue” on a particular series of Outstanding Bonds during that month, less any principal component which occurs during such period but is to be paid from money or Investment Securities or the earnings thereon which money or Investment Securities are on deposit in a separate fund or account or are otherwise segregated for such purpose. For purposes of this definition, it shall be assumed that the principal component accrues in twelve (12) equal monthly installments commencing on the twelfth month preceding the date on which payment is due, except that (i) with respect to the principal component of a series of Bonds which is payable more frequently than annually, the principal component shall accrue in equal monthly installments from one payment date to the next; (ii) if the first principal payment date on a series of Bonds is less than twelve (12) months after the issuance of such series of Bonds, the principal component due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date, and (iii) with respect to Balloon Bonds, the principal component maturing or payable on one date shall be deemed to accrue in the month in which such component matures or is payable and not in monthly installments prior to such date. In all events, principal shall be determined to accrue in monthly amounts sufficient to assure the full amount due on any principal payment date and to be paid from the Debt Service and Sinking Fund will be

on deposit in the Debt Service and Sinking Fund on the payment date. If an Event of Default occurs and Bonds have been declared to be due and payable as provided in this Indenture, then, in each calendar month, the entire unpaid principal of all Bonds which have been accelerated shall be deemed to have accrued in that calendar month. A Supplemental Indenture authorizing the issuance of Additional Parity Indebtedness may modify or amend this definition of Accrued Principal with respect to such Additional Parity Indebtedness with the consent of each Credit Facility Provider.

“Act” means (i) the Act as defined in the preamble hereof, as it may from time to time be amended and (ii) any rules or regulations promulgated by the Authority pursuant to the Act as the same may from time to time be modified or amended.

“Act of Bankruptcy” means with respect to any Person the occurrence of one of the following events: (a) the Person shall become insolvent or shall fail to pay its debts generally as they become due, or shall admit in writing its inability to pay any of its indebtedness; (b) the Person shall file a case under the federal Bankruptcy Code to be declared a bankrupt or for reorganization; (c) the Person shall consent to, or petition or apply to any authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any part of its properties; (d) any such receiver, liquidator, trustee or similar official shall otherwise have been appointed and shall not have been removed, dismissed or stayed within sixty (60) days of such appointment; or (e) insolvency, reorganization, arrangement or liquidation proceedings (or similar proceedings) shall have been instituted by or against the Person, and if instituted against the Person, shall not have been dismissed within sixty (60) days of being instituted.

"Additional Indebtedness" means any Indebtedness issued by the Authority hereunder. Additional Indebtedness may constitute Additional Parity Indebtedness, Subordinated Indebtedness, Credit Notes or any combination thereof.

"Additional Parity Indebtedness" means any Indebtedness of the Authority issued pursuant to Article III hereof secured by a lien on the Trust Estate.

“Advance--Refunded Municipal Bonds” means obligations the interest on which is excluded from gross income for purposes of federal income taxation that have been advance-refunded prior to their maturity and that are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, which Advance-Refunded Municipal Bonds are rated in the highest rating category by each Rating Authority that, pursuant to the request of the Authority, maintains a credit rating with respect to such Advance-Refunded Municipal Bonds.

“Authority” means the Dutchess County Water and Wastewater Authority, a body corporate and politic constituting a public benefit corporation created and existing under and by virtue of the Act.

"Authority Budget" shall means, the annual budget of the Authority, as amended or supplemented, adopted or in effect for a particular Fiscal year, as provided in Section 8.10 hereof.

“Authorized Denominations” means a minimum denomination specified in the Supplemental Indenture under which such Additional Indebtedness are issued.

“Authorized Newspaper” means a newspaper selected by the Trustee printed in the English language and customarily published at least five (5) days each week and generally circulated within the Borough of Manhattan, City and State of New York, and when successive publications in an Authorized Newspaper are required, they may be made in the same or different Authorized Newspapers.

“Authorized Representative” or “Authorized Officer” means, in the case of the Authority, or the Chairperson, Vice Chairperson, Treasurer or Executive Director of the Authority, or any other officer or person authorized to perform specific acts or duties by resolution duly adopted by the members of the Authority and in the case of any Credit Facility Provider, the President or Vice-President or such officer authorized to perform specific acts or duties by resolution of the Board of Directors or relevant committee thereof of the Credit Facility Provider.

“Balloon Indebtedness” shall mean Indebtedness fifty percent (50%) or more of the initial principal amount of which matures or is payable at the option of the holders thereof on the same date, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date. In calculating the Debt Service Requirement for purposes of determining the Debt Service Requirement for compliance with Additional Parity Indebtedness requirements, the Debt Service Requirement for such Indebtedness during such Fiscal Year shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issue of such Balloon Indebtedness.

“Beneficial Owners” means purchasers of Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository.

“Bond” or “Bonds” means the 2025 Notes and any Additional Indebtedness issued pursuant to this Indenture.

“Bondholder,” “Holder,” “holder” and “Registered Owner” means the Depository or its nominee, if the Book-Entry System maintained by the Depository pursuant to Section 2.06 is in effect, or the person in whose name any Bond is registered in the Bond Register System maintained by the Trustee pursuant to Section 2.07 hereof.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP, New York, New York, or any nationally recognized counsel experienced in matters of municipal law and the tax-exempt status of obligations under the Code, acceptable to the Authority.

“Bond Redemption and Accumulated Surplus Fund” means the fund so designated which is created by Section 4.13 hereof.

“Bond Register System” means a system of Ownership and transfer of Bonds registered on the registration books of the Authority kept for that purpose by the Trustee, as Bond register.

“Book-Entry System” means a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic or manual book-entry changes in accounts of such participants maintained by the Depository for recording ownership of the Bonds by Beneficial Owners and transfers of ownership interests in the Bonds.

“Business Day” or “business day” means any day (other than Saturday or Sunday) during which (i) commercial banks located in the State or in any of the cities in which the Principal Office of the Trustee are located are not required or authorized by law to close; and (ii) The New York Stock Exchange, Inc. is not closed.

“Capital Appreciation Indebtedness” and “Compound Interest Indebtedness” means any Additional Bonds with a stated value at maturity, the interest on which is not payable until maturity or earlier redemption. In calculating the Debt Service Requirement in any Fiscal Year for Capital Appreciation Indebtedness or Compound Interest Indebtedness for purposes of determining the Debt Service Reserve Requirement or compliance with Additional Parity Indebtedness requirements, the Debt Service Requirement for such Indebtedness during such Fiscal Year shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Indebtedness or Compound Interest Indebtedness.

“Chair person” means the Chair person of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (i) the regulations promulgated under such section, (ii) any successor provision of similar import hereafter enacted, (iii) any corresponding provisions of any subsequent Internal Revenue Code, (iv) the regulations prescribed under the provisions described in (ii) and (iii), and (v) any published revenue rulings applicable thereto.

“Construction Fund” means the fund so designated which is established pursuant to Section 4.04 of this Indenture.

“Cost” or “Costs” or “Costs of the Project” means “Cost” as defined in the Act.

“Costs of Issuance” means any costs relating to the issuance of Bonds of any series of Bonds, including, without limitation, costs pertaining to credit enhancement, underwriting or placement fees, expenses and discounts, attorneys’ fees and expenses, printing and advertising expenses, fees and expenses of consultants and financial advisors and governmental or administrative fees and expenses.

“Counsel” means an attorney at law or law firm (who may be counsel for the Authority or the Trustee).

“Credit Agreement” means any agreement pursuant to which a Credit Facility is issued or provided for.

“Credit Facility” or “Credit Facilities” means any credit enhancement, guaranty, letter of credit, insurance policy, surety bond, standby bond purchase agreement or other credit facility or liquidity facility, and any extension or renewal thereof which is delivered to the Trustee as security or liquidity for the payment of the principal or purchase price of or interest on any series of Bonds or any portion thereof, and includes any Reserve Fund Credit Facility.

"Credit Facility Bonds" means those Bonds which are purchased from funds drawn under a Credit Facility by the Trustee during the period of time that such Bonds are not remarketed and are held by or for the account of any Credit Facility Provider.

"Credit Facility Default" means either (i) failure by the Credit Facility Provider to pay any claim or draw under the Credit Facility when due in accordance with its terms or (ii) Act of Bankruptcy of the Credit Facility Provider.

"Credit Facility Provider" means the provider of any Credit Facility, and includes any Reserve Fund Credit Facility Provider.

"Credit Note" means the promissory note or other instrument or agreement evidencing or setting forth the Authority's obligations to a Credit Facility Provider pursuant to a Credit Agreement.

"Debt Service and Sinking Fund" means the fund so designated which is established pursuant to Section 4.08 of this Indenture.

"Debt Service Requirements" means, with reference to the next Payment Date, the amounts required to be paid by the Authority to the Trustee for the holders of all Indebtedness (or any trustee or paying agent for such holders) in respect of the principal of all Indebtedness (including mandatory redemptions or prepayments) and the interest and premium, if any, thereon, provided that, for the purposes of the foregoing:

(a) The amount deemed payable by the Authority in respect of interest on any Indebtedness shall not include interest funded and available from the proceeds thereof, any interest subsidy or corpus allocation percentage reasonably anticipated by the Authority to be available under any Project Financing and Loan Agreement executed with the New York State Environmental Facilities Corporation, or any successor thereof or any similar State Agency or instrumentality or, upon initial issuance, any accrued interest; and

(b) The amount deemed payable by the Authority in respect of the principal of and interest on any Balloon Indebtedness, Capital Appreciation Indebtedness, Compound Interest Indebtedness or Variable Rate Indebtedness shall be calculated and, to the extent required, recalculated as provided in this Indenture.

"Debt Service Reserve Fund" means the fund so designated which is established pursuant to Section 4.09 of this Indenture.

"Debt Service Reserve Requirement" means for Bonds that require a Debt Service Reserve Fund, with respect to a particular date, the lesser of: (a) the maximum annual Debt Service requirements with respect to the Outstanding Bonds in the then current and all future Fiscal years (for the purposes of which calculation any Variable Rate Indebtedness shall be calculated at the maximum rate permitted under the Supplemental Indenture pursuant to which the Indebtedness has been issued); (b) 125% of the average annual Debt Service Requirements with respect to the Outstanding Bonds in the then current and all future Fiscal Years (for the purpose of which calculation any Variable Rate Indebtedness shall be calculated pursuant to the Supplemental Resolution pursuant to which the Indebtedness has been issued) and (c) the maximum amount that

may be held in the Debt Service Reserve Fund in the opinion of Bond Counsel to the Authority with respect to a series of Bonds intended to be tax-exempt without adversely affecting the Tax-Exempt status of such Bonds. The Debt Service Reserve Requirement may be satisfied in whole or in part by a Reserve Fund Credit Facility. For the purpose of calculating the Debt Service Reserve Requirement, the cost of any applicable Credit Facility shall be included as if it were interest on the Bonds of the related series of Bonds.

“Depository” means The Depository Trust Company, New York, New York, or any other entity performing substantially the same function under a Book-Entry System, and any successor depository designated pursuant to Section 2.06 hereof.

“Eastern Time” means the prevailing local time in The City of New York, New York.

“Engineer” means such engineer or firm of engineers of recognized standing having skill and experience with respect to the design, construction or operation of a facility similar to and having like characteristics as the Facility, registered in the State as shall be at the time employed by the Authority for the purpose of performing the function and duties of an engineer under this Indenture or the Act and not unsatisfactory to the Trustee or any Credit Facility Provider. Except as otherwise expressly provided herein, the Engineer shall be Independent of the Authority.

“Event of Default” means any of the events described in Section 9.01 of this Indenture.

“Executive Director” means the Executive Director of the Authority.

“Federal Bankruptcy Code” means Title 11 of the United States Code.

“First Supplemental Indenture” means the First Supplemental Trust Indenture, dated as of October 15, 2025, by and between the Authority and the Trustee that is supplemental hereto.

“Fiscal Year” means the period of twelve months beginning January 1 of each year and ending on December 31 of such year, or any other twelve (12) month period adopted by the Authority as its fiscal year for accounting purposes.

“Generally Accepted Accounting Principles” shall mean those accounting principles applicable in the preparation of financial statements of municipalities, authorities, or corporations as appropriate, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

“Governing Board” means the members of the Authority constituting and acting as the governing body of the Authority.

“Government Obligations” means United States Treasury bills or other interest-bearing direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal and interest of which are unconditionally guaranteed as to full and timely payment by, the United States of America, but not mutual funds (including unit investment trusts) investing in such obligations other than money market funds that are rated in the highest category by Moody’s and S&P.

“Indebtedness” means, as to the Authority, at a particular time, all items which would, in conformity with Generally Accepted Accounting Principles, be classified as liabilities on a balance sheet of the Authority at such time, but in any event including without limitation (a) indebtedness arising under acceptance facilities or in respect of all letters of credit issued for the account of the Authority and, without duplication, all drafts drawn thereunder, (b) obligations under leases which have been, or under Generally Accepted Accounting Principles are required to be, capitalized, and (c) all indebtedness secured by (or for which the holder of such indebtedness has the right to be secured by) any mortgage, deed of trust, pledge, security interest or other lien, such mortgage, deed of trust, pledge, security interest, lien, charge or encumbrance upon property owned or acquired subject to such mortgage, deed of trust, pledge, security interest or other lien, whether or not the liabilities secured thereby have been assumed. Indebtedness shall not in any event include (i) current obligations payable from current revenue, including current payments for the funding of pension or other employee benefit plans (which shall be considered Operating Expenses) but shall include the current portion of Indebtedness classified as a current obligation under Generally Accepted Accounting Principles; (ii) obligations under contracts for supplies, services and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pension benefits paid (which shall be considered Operating Expenses in such future years).

“Independent” means a Person who is not an officer, director or employee of the Authority or a Credit Facility Provider; provided, however, that the fact that such Person is retained regularly by or transacts business with the Authority or the Credit Facility Provider shall not make such Person an employee within the meaning of this definition.

“Indenture” means this instrument, together with all modifications hereof and amendments and supplements hereto.

“Interest Payment Date” means for Bonds of a series of Bonds the date on which interest on such Bonds is payable according to the Supplemental Indenture pursuant to which such Bonds were issued.

“Investment Securities” means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from either Government Obligations or obligations of the Resolution Trust Company, which interest coupons are guaranteed by the United States of America;
- (c) Bonds, debentures, notes or other evidence of indebtedness issued by any of the following: Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Bank, Export-Import Bank of the United States, or Federal Land Banks, or of the Resolution Trust Company;

(d) All other obligations issued or unconditionally guaranteed as to the timely payment of principal and interest by an agency or person controlled or supervised by and acting as an instrumentality of the United States government pursuant to authority granted by Congress;

(e) (i) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or any successor federal deposit insurance corporation or entity or are one hundred percent (100%) collateralized with securities specified in paragraphs (a), (b), (c) or (d) above and those securities are held by a third party or (ii) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution which either (A) has an unsecured, uninsured and unguaranteed obligation rated “Prime-1” or “A3” or better by Moody’s and “A-1” or “A-” or better by S&P or (B) is the lead bank of a parent bank holding company with an unsecured, uninsured and unguaranteed obligation meeting the rating requirements in (e)(ii)(A) above, and provided further that with respect to (i) and (ii) any such obligations are held by the Trustee or a bank, trust company or national banking association other than the issuer of such obligations (unless the issuer is the Trustee);

(f) Repurchase agreements or investment agreements collateralized by securities described in subparagraphs (a), (b), (c) or (d) above with any registered broker/dealer subject to the Securities Investors’ Protection Corporation or that is an approved Federal Reserve Bank primary dealer or with any commercial bank (including the Trustee), provided that (1) a specific written repurchase agreement or investment agreement governs the transaction, (2) the securities, free and clear of any lien, are held by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures described in 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq., in such securities is created for the benefit of the Trustee, (4) the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two (2) Business Days of such valuation, or, in the case of a repurchase agreement, the agreement has a term of thirty (30) days or less, (5) the fair market value of the collateral securities in relation to the amount of the repurchase obligation or the payment obligation, depending on whether it is a repurchase agreement or an investment agreement, including principal and interest, is equal to at least 100% of the amount of the obligation which is secured and (6) the collateral was not acquired by the broker/dealer pursuant to a repurchase agreement or reverse repurchase agreement;

(g) Uncollateralized investment agreements issued or guaranteed by entities with debt obligations of comparable or longer maturity that are rated “a3” or better by Moody’s and “A” or better by S&P.



- (h) Money market funds rated “Am” or “Am-G” or better by Moody’s and S&P;
- (i) Commercial paper rated “Prime-1” or better by Moody’s and “A-1” or better by S&P;
- (j) Obligations rated “A3” or better by Moody’s and “A-” or better by S&P;
- (k) Shares of investment companies or cash equivalent investments which are authorized to invest only in assets or securities described in subparagraphs (a), (b), (c) and (d) above; provided, however, that investment in obligations described in this clause (i) shall not exceed \$500,000;
- (l) Advance-Refunded Municipal Bonds;
- (m) Tax-Exempt Obligations that are rated “A-3” or better or V-MIG 1 by Moody’s and “A-” or better or A-1 by S&P, or shares of investment companies that invest only in such obligations;
- (n) Certificates that evidence ownership of the right to payments of principal or interest on Government Obligations, provided that (1) such obligations shall be held in trust by a bank or trust company or national banking association meeting the requirements for a successor Trustee under this agreement, (2) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (3) the underlying Government Obligations are held in a special account separate from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated; and
- (o) The Trustee’s “cash sweep account” or other short term investment fund of the Trustee, the assets of which consist of other Investment Securities defined above.

“Lien” means any sale, transfer, assignment, disposition, mortgage, pledge, security interest, lien, judgment lien, easement or other encumbrance on title, excluding Permitted Encumbrances.

“Moody’s” means Moody’s Investors Service, Inc., New York, New York, its successors and assigns, or if such corporation dissolves or no longer performs the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the Authority and not unacceptable to either the Trustee or any Remarketing Agent.

“1986 Code” means the Code.

“Non-Purpose Obligations” shall have the meaning given such term under Section 1.148-1(b) of the Income Tax Regulations of the United States Department of the Treasury.

“Officer’s Certificate” means a certificate or statement signed by an Authorized Representative or Authorized Officer of the Authority or, as the context may require, of the Credit Facility Provider.

“Operating Expenses” means the expenses reasonably incurred or to be incurred by the Authority in connection with the operation of the Project, including, without limitation, all reasonable costs of operating, maintaining, or repairing the Project as may be necessary or proper to maintain Sewer Service, fees and expenses reasonably incurred or to be incurred by the Authority payable by the Authority to other Persons in connection with providing Sewer Service, all fees paid by the Authority to other parties in connection with the operation of the Project, auditing fees, legal fees, engineering fees, financial advisory fees, office expenses, general administrative and management expenses, compensation and expenses of the Trustee (including those of its counsel) and any remarketing fees and expenses with respect to any Bonds provided, however, that Operating Expenses shall not include depreciation on the Facility or any other non-cash charge, interest or principal on Bonds.

“Operating Fund” means the fund so designated which is described in Section 4.07 of this Indenture.

“Operating Revenues” means for any period the Revenues of the Authority, excluding any extraordinary gain or loss resulting from the extinguishment of Indebtedness, the sale of capital assets, the proceeds of insurance claims, except business interruption insurance, and settlements and of condemnation awards or payments in lieu thereof, and the proceeds of any Indebtedness, all determined in accordance with Generally Accepted Accounting Principles.

“Outstanding,” when used with reference to a series of Bonds, shall, subject to the provisions of the Indenture, mean as of any particular time all of the Bonds authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which money in the necessary amount shall have been deposited with the Trustee, and with respect to Bonds to be redeemed prior to maturity, notice of such redemption shall have been given or provided for as provided in the Indenture;

(c) Bonds in substitution for which other Bonds shall have been authenticated and delivered pursuant to the terms of the Indenture; and

(d) Bonds which are deemed to have been paid pursuant to the provisions of Article XIII hereof.

“Paying Agent” shall mean the Trustee or any other or successor Paying Agent appointed in accordance with any Supplemental Indenture.

“Payment Date” means, (a) with respect to payments of principal of or interest or redemption premium, if any, on the 2025 Notes and any Additional Indebtedness, including upon the redemption of any of the same, such dates as may be specified in the applicable Supplemental Indenture and (b) in the case of payments to Bondholders after the occurrence of an Event of Default, such other date or dates as the Trustee shall establish for the payment of principal or interest.

“Payment Obligations” means all amounts due and owing to a Credit Facility Provider under a Credit Agreement.

“Permitted Encumbrances” means, as of any particular time, with respect to or in connection with the Project (i) leases, encumbrances, mortgages, easements or rights of way with respect to real estate of the Authority which the Authority has determined by resolution to be necessary or desirable, (ii) liens for ad valorem taxes, assessments or other governmental charges, permitted to exist as provided herein or not then delinquent, (iii) any Lien created under this Indenture, (iv) existing utility, access and other easements and rights of way, restrictions and exceptions and future encumbrances of like nature not arising out of the borrowing of money or the securing of advances of credit which will not interfere with or impair the operation of the Project for its intended purpose, (v) liens arising in connection with workers’ compensation, unemployment insurance, old age pensions and social security benefits and liens securing appeal and release bonds, provided that adequate provision for the payment of all such obligations has been made by the Authority, (vi) attachment and judgment liens, so long as the same are being contested in good faith and by appropriate legal proceedings, (vii) any mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s lien or right or purchase money security interest in respect thereof if payment is not yet due and payable under the contract in question or which is being contested in accordance with the provisions hereof and which is bonded if and to the extent required by law, including without limitation the General Municipal Law, and (viii) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the property and as do not, in the opinion of Counsel, have a materially adverse effect on the use of the property for the purposes intended.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body, political subdivision, municipality or authority or any other group or entity.

“Pledged Revenues” means all Revenues of the Authority which have been pledged to the Trustee under this Indenture by the Granting Clauses hereof, whether or not they are held by the Trustee or its agent.

“Prime Rate” means the rate of interest publicly announced from time to time in The Wall Street Journal as the “prime rate” for major commercial banks, with the Prime Rate for any given calendar month being calculated by using the Prime Rate in effect as of the first day of such month.

“Principal Office,” when referring to the Trustee or any Paying Agent, means the office where any such institution maintains its principal corporate trust office, and when referring to a Credit Facility Provider means the office at which a demand for payment must be made.

“Project” means any Project as defined in the Act.

“Project Budget” means a statement, and any amendments thereof, of the estimated Costs of a Project, as set forth in an Officer’s Certificate of the Authority, setting forth the Costs in such categories and reasonable detail as shall be determined by the Authority.

“Rate Covenant” means the covenant of the Authority contained in Section 4.02 of this Indenture to establish and collect rates, rents, fees and other charges in each Fiscal Year so that

Revenues collected in such Fiscal Year, together with other available funds, will be at least equal to certain specified amounts as therein provided.

“Rating Agencies” means S&P, Moody’s, or any other nationally recognized credit rating agency, to the extent that such entity then maintains a credit rating with respect to the relevant security.

“Rebate Amount” means all interest income and profits earned on the investment of the proceeds of Tax-Exempt Bonds which is required to be paid to the United States under Section 148(f) of the Code, calculated and determined in accordance with the Regulations in effect from time to time under that Section.

“Rebate Fund” means the separate fund created under Section 4.08 hereof.

“Record Date” means, as the case may be, (i) the Record Date for payment of the purchase price, principal of or interest on a series of Bonds as provided in the Supplemental Trust Indenture pertaining to such series of Bonds or (ii) the record date established by the Authority in accordance with Section 12.02 hereof for obtaining consents from bondholders.

“Registered Owner” means the Depository or its nominee, if the Book-Entry System maintained by the Depository pursuant to Section 2.06 is in effect, or the person in whose name any Bond is registered, if the Bond Register System maintained by the Trustee pursuant to Section 2.07 hereof is in effect.

“Remarketing Agent” means the person or entity appointed as such under any Supplemental Indenture with respect to the Bonds of the series of Bonds authorized thereunder.

"Repair Reserve Requirement" means such amount as may be determined by the Authority from time to time by formal notice to the Trustee.

“Revenues” means (a) all amounts paid or payable to the Authority under the Service Agreement, together with the right to receive the same; (b) all receipts, revenue, income, rates, rents, service and user fees, surcharges and other amounts received by or on behalf of the Authority from the operation of the Facility, and all rights to receive the same whether in the form of accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights, insurance proceeds or condemnation awards, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Authority, and all proceeds of the foregoing; (c) all income, interest and profits received from the investment of money held in any fund or account established under the Indenture and (d) all operating grants and operating subsidies paid or payable to the Authority by the United States, the State or any agency or subdivision thereof or other person or entity on account of or in connection with the Facility except to the extent that any pledge thereof would violate or be inconsistent with the terms of the grant or subsidy.

"Repair and Improvement Fund" means the fund by that name established by Section 4.12 hereof.

"Reserve Fund Credit Facility" means the letter of credit, insurance policy or surety bond, together with any substitute or replacement thereof, if any, complying with the provisions of Section 4.09 hereof, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

"Reserve Fund Credit Facility Provider" means any provider of a Reserve Fund Credit Facility.

"Revenue Fund" means the fund so designated which is described in Section 4.05 of this Indenture.

"S & P" means Standard & Poor's Corporation, New York, New York, its successors and assigns, or if such corporation dissolves or no longer performs the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the Authority and not unacceptable to either the Trustee or the remarketing agent, if any.

"Secured Obligations" means the various obligations secured by this Indenture as described in the granting clauses hereto.

"Service Agreement" means the Service Agreement, dated as of August 1, 2004 between the County of Dutchess, New York, for and on behalf of Part County Sewer District No. 3 in the Town of Beekman and the Dutchess County Water and Wastewater Authority, and as amended from time to time, by and among the Authority and the County.

"Service Fees" means Service Fees payable by the County to the Authority pursuant to the Service Agreement.

"Sewer Rents" means sewer rents as defined in Section 4.02 hereof.

"Sewer Service" means Sewer Service as defined in the Service Agreement.

"Sinking Fund Installments" means for any Fiscal Year and any series of Bonds, the principal amount thereof subject to mandatory redemption pursuant to Section 4.07 hereof.

"State" means the State of New York.

"Stated Amount" means the amount set forth in any Credit Facility as the maximum amount the Trustee is permitted to draw from said Credit Facility, in respect of both principal and interest, as such amount is reduced and reinstated from time to time in accordance with the terms of the Credit Facility.

"Subordinated Indebtedness" means any Indebtedness of the Authority secured by a Lien on the Pledged Revenues that is by its terms expressly subordinated to the Lien on the Pledged Revenues securing the Bonds.

"Supplemental Indenture" means any indenture amending, modifying or supplementing this Indenture made, signed and becoming effective in accordance with the terms hereof.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government or public instrumentality, including Bonds, that such interest is excluded from gross income for federal tax purposes (other than for an owner who is a “substantial user” of the project being financed or a “related person” within the meaning of Section 147(a) of the Code), whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code. The Trustee may conclusively rely on an opinion of Independent Counsel experienced in the field of Tax-Exempt obligations to the effect that a particular series of Bonds is Tax-Exempt.

“Tender Agent” means the person or entity designated as such in a Supplemental Indenture.

“Trust Estate” means the revenue, receipts, property, and rights and interest of the Authority which are subject to the Lien of this Indenture.

“Trustee” means Manufacturers and Traders Trust Company in its capacity as trustee under this Indenture, or its successors in the trust.

“2025 Notes” means the notes issued by the Authority pursuant to the First Supplemental Indenture.

“Variable Rate Indebtedness” means any Bond, the rate of interest on which is subject to change prior to maturity and which cannot be determined in advance of such change, including but not limited to Bonds in a commercial paper mode. In calculating the Debt Service Requirement for purposes of compliance with Additional Parity Indebtedness requirements, such Variable Rate Indebtedness shall be deemed to be Indebtedness bearing interest calculated pursuant to the Supplemental Indenture pursuant to which the Indebtedness has been issued. Any ongoing liquidity activity charges and remarketing agent fees imposed in connection with such Variable Rate Bonds shall be deemed to be Operating Expenses.

The words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” (except in the form of Bond) refer to the entire Indenture.

SECTION 1.06. Form of Documents. Every “request,” “order,” “demand,” “application,” “requisition,” “appointment,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by the Authority, unless the form thereof is specifically provided, shall be in writing signed by an Authorized Representative or Authorized Officer.

## ARTICLE II.

### CONCERNING THE BONDS.

SECTION 2.01. Authorization of Bonds. (a) There shall be initially issued hereunder \$730,000 notes, as more particularly described in the First Supplemental Indenture. The 2025 Notes shall be issued for such purposes, shall be in such form and denomination, shall bear such dates, shall be numbered, shall mature and bear interest and shall have such other terms and provisions permitted under the Act and not contrary to the terms of this Indenture as shall be provided in the First Supplemental Indenture.

(a) The Bonds are special obligations of the Authority payable solely from the Trust Estate. Neither the State, the County of Dutchess, New York, nor any other municipality or public corporation, except the Authority, are liable on the Bonds and the Bonds are not a debt of the State, the County of Dutchess, New York, or any other municipality or public corporation, except the Authority.

(b) Additional Parity Indebtedness may also be issued under this Indenture pursuant to and subject to the terms and conditions of Article III hereof. The Additional Parity Indebtedness shall be issued in such aggregate principal amounts, for such purposes, shall be in such form and denomination, shall bear such dates, shall be numbered, shall mature and bear interest and shall have such other terms and provisions (including the application of any Credit Facility) permitted under the Act and not contrary to the terms of this Indenture (including particularly but without limitation this Article II and Article III of the Indenture) as shall be provided in the Supplemental Indenture executed in connection with the issuance thereof.

(c) Bonds may also be issued under this Indenture pursuant to Section 2.10 hereof in lieu of Bonds theretofore issued which have been mutilated, lost, destroyed or stolen.

SECTION 2.02. Place, Manner and Source of Payment of Bonds. The principal of and interest on the Bonds issued and to be issued hereunder, and the redemption premium, if any, payable thereon in case of redemption, shall be payable as may be designated in the particular Bond issued or to be issued hereunder, in lawful money of the United States of America.

Interest on Bonds of each series of Bonds shall be payable at the rates and in the manner specified herein and in the Supplemental Indenture authorizing such series of Bonds and shall accrue from the dated date of such Bonds and be payable in arrears. Except as otherwise provided in a Supplemental Indenture, the interest on Bonds shall be paid by check or draft of the Trustee mailed on the relevant Interest Payment Date to the Registered Owner of the Bond as of the close of business on the relevant Record Date. Interest on any Bonds may also be payable by wire transfer to any Registered Owner of such Bonds in the principal amount of \$1,000,000 or more as of the close of business on the Record Date next preceding any Interest Payment Date at a wire destination in the continental United States provided such owner submits to the Trustee a written request therefor at least five (5) days before the Record Date for such payment.

The principal amount of the Bond and any redemption premium shall be paid to the Registered Owner thereof upon the surrender of the Bond at the principal corporate trust office of the Trustee or Paying Agent.

SECTION 2.03. Execution of Bonds. All Bonds issued hereunder shall be executed in the name of the Authority by the manual or facsimile signature of its Chairperson, Vice-Chairperson, or Executive Director and an actual impression or facsimile of the corporate seal shall be thereunto affixed and attested by the manual or facsimile signature of its Secretary (or in either case such other officer as may be designated by the Authority). Any such Bonds may be authenticated, issued and delivered notwithstanding that one or more of the officers signing such Bonds or whose facsimile signature shall be upon such Bonds or any thereof, shall have ceased to be such officer or officers at the time when such Bonds shall actually be delivered, and although at the nominal date of the Bonds any such person shall not have been such officer of the Authority.

SECTION 2.04. Authentication of Bonds. No Bonds shall become valid or obligatory for any purpose until such Bonds shall have been authenticated by the Trustee, if so required under a Supplemental Indenture, and such authentication by the Trustee upon any Bond shall be conclusive evidence and the only evidence that the Bond so authenticated has been duly authenticated pursuant to the written direction of the Authority and delivered hereunder and that the Registered Owner thereof is entitled to the benefit of the trust and lien hereby created.

SECTION 2.05. Bonds Are Negotiable Instruments. The Bonds shall have the qualities of negotiable instruments under the merchant law and the negotiable instruments law of the State, as well as the Uniform Commercial Code as adopted by the State, subject to the provisions for registration and transfer contained in Section 2.06 and in the Bonds.

SECTION 2.06. Transfer and Exchange of Bonds; Book-Entry System. (a) Except as provided in this Section 2.06 or in Section 2.07, each series of Bonds shall be subject to the Book-Entry System of ownership and transfer. Each series of Bonds subject to the Book-Entry System of ownership and transfer shall initially be evidenced by one certificate for each maturity, in an amount equal to the aggregate principal amount thereof. Unless otherwise provided in the Supplemental Trust Indenture the Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for the Depository. The Bonds subject to the Book Entry System of ownership and transfer may not thereafter be transferred or exchanged on the registration books of the Authority held by the Trustee as bond registrar except:

- (i) to any successor Depository designated pursuant to (b) below;
- (ii) to any successor nominee designated by a Depository; or
- (iii) if the Authority shall, by resolution, elect to discontinue the Book-Entry System pursuant to (b) below, the Authority will cause the Trustee to authenticate and deliver replacement Bonds in fully registered form to such persons, and in such authorized denominations, as may be designated by the Depository, but without any liability on the part of the Trustee or the Authority for the accuracy of such designation; thereafter the provisions of Section 2.07 above regarding registration, transfer and exchange of Bonds shall apply.



(b) Upon the resignation of any institution acting as Depository hereunder, or if the Authority determines that continuation of any institution in the role of Depository is not in the best interests of the Beneficial Owners or the Authority, the Authority will attempt to identify another institution qualified to act as Depository hereunder. If the Authority is unable to identify such successor Depository prior to the effective date of the resignation, the Authority shall, by resolution, discontinue the Book-Entry System, as provided in (a)(iii) above with respect to the applicable series of Bonds.

(c) So long as the Book-Entry System is used for Bonds of a series of Bonds, the Authority and the Trustee shall treat the Depository (or its nominee) as the sole and exclusive owner of such Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of such Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, except as may otherwise be provided by law; and neither the Authority nor the Trustee shall be affected by any notice from any Person other than the Depository (or its nominee) to the contrary. Neither the Authority, the Trustee nor the Credit Facility Provider shall have any responsibility or obligation to any participant in the Depository, any person claiming a beneficial ownership interest in Bonds subject to the Book-Entry System of ownership and transfer under or through the Depository or any such participant, or any other person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (A) such Bonds; or (B) the accuracy of any records maintained by the Depository or any such participant; or (C) the payment by the Depository or any such participant of any amount in respect of the principal or redemption price of or interest on such Bonds; or (D) any notice which is permitted or required to be given to Bondholders under this Indenture; or (E) the selection by the Depository or any such participant or any person to receive payment in the event of a partial redemption of such Bonds; or (F) any consent given or other action taken by the Depository as Bondholder. The Trustee shall cooperate with the Depository in connection with any consent given or other action taken by the Depository as Bondholder if and to the extent the Depository has delegated by proxy such consent or action to other Persons.

(d) Notwithstanding the payment provisions contained in the forms of Bonds subject to the Book-Entry System of ownership and transfer, so long as such Bonds or any portion thereof are registered in the name of the Depository or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to the Depository or its nominee in New York Clearing House or equivalent next day funds on the dates provided for such payments under this Indenture, except as provided in a Supplemental Indenture. Each such payment to the Depository or its nominee shall be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal or redemption price of or interest on such Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds subject to the Book-Entry System of ownership and transfer Outstanding, the Trustee shall not require surrender by the Depository or its nominee of the Bonds so redeemed, but the Depository (or its nominee) may retain such Bond certificate as to the amount of such partial redemption; provided that, in each case the Trustee shall request, and the Depository shall deliver to the Trustee, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such series and maturity which have been redeemed.

(e) So long as the Bonds subject to the Book-Entry System of ownership and transfer or any portion thereof are registered in the name of the Depository or any nominee thereof, all notices required or permitted to be given to the Bondholders under this Indenture shall be given to the Depository.

SECTION 2.07. Provisions for Bond Register System. The Bonds or any series of Bonds may be subject to a Bond Register System of ownership and transfer if so designated by the Authority in the Supplemental Indenture authorizing such series of Bonds or as provided in Section 2.06. A Supplemental Indenture may provide that Bonds of the Series of Bonds authorized thereby will be subject to a Book-Entry System of ownership only at particular times or from time to time. If the Book-Entry System shall be discontinued for any series of Bonds, the conversion to a Bond Register System for each such series of Bonds shall be effected pursuant to arrangements for the surrender of a single Bond for the applicable series of Bonds by the Depository and the issuance of Bonds of such series to Registered Owners that are reasonably satisfactory to the Trustee, which arrangements shall be communicated by the Trustee to the Depository on behalf of the Beneficial Owners. The conversion shall become effective hereunder and binding upon the Authority, the Trustee and all Registered Owners and Beneficial Owners at such time as may be specified in a Supplemental Indenture authorizing such series of Bonds or as specified in a resolution of the Authority. The general provisions of such Bond Register System, after conversion from the Book-Entry System, are as follows.

Any Bond may be transferred at the principal corporate trust office of the Trustee by the Registered Owner in person or by his attorney duly authorized in writing, and thereupon, the Authority shall execute in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new Bond or Bonds, of the same series, of the same maturity, and for the same aggregate principal amount registered in such name or names as shall be requested. The Trustee shall register any transfer and shall deliver an appropriately registered and authenticated Bond or Bonds within seventy-two (72) hours of the receipt of the Bond or Bonds to be transferred and such other necessary documentation.

All Bonds shall be exchangeable for like Bonds of the same series of Bonds but different Authorized Denominations, in the same aggregate principal amount, maturing on the same dates and bearing the same rate of interest as the Bonds to be exchanged, all in the manner hereinafter provided. The Registered Owner of any Bond or Bonds, desiring to exchange such Bond or Bonds, shall present such Bond or Bonds, accompanied by appropriate instruments of transfer, at the principal corporate trust office of the Trustee, together with a written request for exchange, in form approved by the Authority, setting forth the denomination or denominations thereof and the person or persons in whose name such Bond or Bonds are to be registered. Thereupon, the Trustee shall authenticate and deliver to the Registered Owner thereunto entitled a new Bond or new Bonds of the same series of Bonds in authorized denominations aggregating the principal amount of the Bond or Bonds surrendered, maturing as to principal on the same date or dates, bearing the same rate of interest and bearing the same designation as to series.

Except as may be set forth in a Supplemental Indenture with respect to a series of Bonds, Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall be dated as of the Interest Payment Date next preceding the date of delivery thereof by the Trustee, except that (a) if such date of delivery shall be an Interest

Payment Date thereof, said Bonds shall be dated as of such date of delivery, or (b) if there shall be no Interest Payment Date thereof preceding such date of delivery, then notwithstanding any of the foregoing provisions of this section, such Bonds shall be dated the date of Bonds of such series upon their original issuance, or (c) if such date of delivery is on or after a Record Date and before the next succeeding Interest Payment Date, such Bonds shall be dated the date of such next succeeding Interest Payment Date, or (d) if interest on such Bonds shall not have been paid in full in accordance with its terms, then, notwithstanding any of the foregoing provisions of this Section, such Bonds shall be dated as of the date to which interest has been paid in full on such Bonds.

Registration, transfer and exchanges of Bonds authorized under this Article shall be without expense to the Registered Owners of such Bonds, except that any taxes or other governmental charges shall be paid by the Registered Owner requesting any such transaction, as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to issue or transfer any Bonds during a period beginning at the opening of business on the fifth day (whether or not a business day) next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given or to transfer any Bonds which have been selected or called for redemption in whole or in part.

All Bonds executed, authenticated and delivered in exchange for Bonds surrendered or upon the transfer of registered Bonds shall be valid obligations of the Authority, evidencing the same debt as the Bonds surrendered, and shall be secured by the lien of this Indenture to the same extent as such surrendered Bonds.

SECTION 2.08. Ownership of Bonds. The Authority, the Trustee and any Paying Agent designated in any Bond may treat the Registered Owner of the Bond as the absolute owner of such Bond for all purposes whether or not such Bond shall be overdue, and neither the Authority, the Trustee nor any Paying Agent shall be affected by any notice to the contrary. Any consent, waiver or other action taken by the Registered Owner of any Bond shall be conclusive and binding upon such Registered Owner, his heirs, successors or assigns, and upon all transferees of such Bond whether or not notation of such consent, waiver or other action, shall have been made on such Bond or on any Bond issued in exchange therefor or upon registration or transfer thereof.

SECTION 2.09. Temporary Bonds. Until Bonds of a series of Bonds in definitive form are ready for delivery, the Authority may execute, and upon its request in writing the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds of such series of Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described and with appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form may be for the amount of any authorized denomination or any multiple thereof, as the Authority may determine. Until exchanged for Bonds of the same series of Bonds in definitive form such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Unless otherwise agreed with the Registered Owner of such temporary Bond, the Authority shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of any Bond or Bonds in temporary form, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in definitive form of the same series and the

same maturity for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made by the Authority at its own expense and without making any charge therefor. Until such Bonds in definitive form are ready for delivery, the Registered Owner of one or more Bonds in temporary form may, with the consent of the Authority, exchange the same, upon surrender thereof to the Trustee for cancellation, for Bonds in temporary form of like aggregate principal amount, of the same series and maturity and in authorized denominations.

SECTION 2.10. Mutilated, Destroyed, Lost or Stolen Bonds. Upon receipt by the Authority and the Trustee of evidence satisfactory to both of them that any Outstanding Bond has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them, then the Authority, in its discretion, may execute and thereupon the Trustee shall authenticate and deliver, a new Bond of the same series and same maturity and of like tenor in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, lost or stolen.

The Authority may, for each new Bond authenticated and delivered under the provisions of this Section, require the payment of the expenses, including counsel fees, which may be incurred by the Authority and the Trustee in connection therewith. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Authority, in its discretion, may, instead of issuing a new Bond, direct the payment thereof and the Trustee shall thereupon pay the same.

Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen, shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

## ARTICLE III.

### ISSUANCE OF ADDITIONAL INDEBTEDNESS.

SECTION 3.01. Purposes of Additional Parity Indebtedness. The Authority may issue from time to time, and the Trustee shall authenticate, Additional Parity Indebtedness for any lawful corporate purpose including providing all or part of the funds necessary to refinance or refund all or any portion of any Bonds, including accrued and unpaid interest and redemption premium, if any, and the costs and expenses of any financing.

SECTION 3.02. Conditions Precedent to the Issuance of Additional Parity Indebtedness. The Trustee shall not authenticate or deliver to the Authority on its order any Additional Parity Indebtedness pursuant hereto unless (i) the Act continues to permit, on the date of issuance of such Additional Parity Indebtedness, the issuance by the Authority of Bonds for the purpose or purposes for which such Additional Parity Indebtedness are proposed to be issued, (ii) any Additional Parity Indebtedness are issued in accordance with the Act, and (iii) theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(a) a certified copy of a resolution or resolutions of the Governing Board of the Authority authorizing the issuance of such Additional Parity Indebtedness, stating the purpose or purposes for the issuance of such Additional Parity Indebtedness, describing in brief and general terms the Projects to be financed by the issue of such additional Parity Indebtedness, if any, authorizing the execution and delivery of the Supplemental Indenture, and fixing the terms of such Additional Parity Indebtedness; and

(b) a Supplemental Indenture executed by the Authority providing for the issuance of the Additional Parity Indebtedness, and containing such other necessary or proper terms, requirements and provisions which shall not be inconsistent with this Indenture or any previous Supplemental Indenture, unless all Bonds, the Registered Owners of which are entitled to the protection of the provision or provisions with which the Supplemental Indenture is inconsistent, have been paid or redeemed or provision therefor duly made. The provisions of Article II of this Indenture shall apply to any Additional Parity Indebtedness unless the relevant Supplemental Indenture explicitly provides otherwise; and

(c) a written opinion or opinions of Bond Counsel to the effect that: (i) all conditions precedent to the issuance of the Additional Parity Indebtedness pursuant to the Act, this Indenture and any relevant Supplemental Indenture have been satisfied; (ii) the Additional Parity Indebtedness, when issued, will be valid and binding obligations of the Authority in accordance with their terms; (iii) it is proper for the Trustee to authenticate the Additional Parity Indebtedness; and (iv) if the Additional Parity Indebtedness are intended to be Tax-Exempt, an opinion to the effect that interest on the Additional Parity Indebtedness is Tax-Exempt; and

(d) the written order of the Authority, signed by the Chairperson, Vice Chairperson or Executive Director of the Authority, ordering the Trustee to authenticate and deliver such Additional Parity Indebtedness, stating the amount of the proceeds of sale thereof and directing the application of such proceeds; and

(e) a written statement of the Authority, signed by the Chair, Vice Chair or Executive Director of the Authority, that no Bonds are then in Default; and

(f) the proceeds of the Additional Parity Bonds in the amounts stated in the order of the Authority described above, to be applied as described in such order; and

(g) any additional deposit to the Debt Service Reserve Fund required with respect to the Additional Parity Indebtedness; and

(h) evidence satisfactory to Bond Counsel that the annual payment of principal, interest on and redemption for, if any, Additional Parity Indebtedness, including coverage requirements, if any, will be included as a component of the "Service Fee" payable by the County under the Service Agreement.

(i) a certificate duly executed by an Accountant (or an Authorized Representative of the Authority, to the extent permitted by Section 3.03 hereof) stating that, based upon an audit of the books and records of the Authority, for any twelve (12) consecutive month period of the eighteen (18) calendar months immediately preceding the month during which the Additional Parity Bonds are to be issued (i) the Authority has complied with the Rate Covenant, (ii) all deposits required to be paid into the Debt Service and Sinking Fund were made, and (iii) the Debt Service Reserve Requirement was maintained in accordance with the Indenture;

(j) a certificate duly executed by an Engineer (or an Authorized Representative of the Authority, to the extent permitted by Section 3.03 hereof) setting forth in detail and based upon reasonable assumptions set forth therein (1) his or her estimate of the Operating Expenses of the Authority for each of the five (5) Fiscal years immediately succeeding the issuance of such Additional Parity Indebtedness plus the Fiscal Year in which such Bonds are issued, and (2) the Debt Service Requirements for each such Fiscal Year.

(k) if the Additional Parity Indebtedness is being issued to finance Projects, a certificate duly executed by an Engineer (or an Authorized Representative of the Authority, to the extent permitted by Section 3.03 hereof) (1) stating that such Projects will be useful or desirable in connection with the operation of the Sewer System, will be technically feasible and are in compliance with the Authority's sewer system plan, as the same may be amended from time to time, (2) setting forth in detail and based upon reasonable assumptions set forth therein the estimated Costs of the acquisition or construction of such Projects including any financing expenses and, if judged necessary, a balance for contingencies, the sources of funds expected to be applied to finance such Costs, and the time period which will be required for completion of the acquisition or construction of such Projects, (3) his or her opinion that the net proceeds of the Additional Parity Indebtedness, together with other moneys which are then available or are reasonably expected to be available therefore, will be sufficient to pay the Costs of the acquisition or construction of such Projects, and (4) his or her opinion as to the date when such Projects will be placed in commercial operation.

(l) if the Additional Parity Indebtedness is being issued to finance a refunding, the Authority may provide, in lieu of the certificate described in paragraph (i) of this Section, a certificate duly executed by an Accountant (or an Authorized Representative of the Authority, to

the extent permitted by Section 3.03 hereof) stating that for the then current and each future Fiscal Year, the Debt Service Requirements for the refunding Bonds will be no more than ten per centum (10%) more than the Debt Service Requirements that would have existed for that Fiscal Year with respect to the portion of the Bonds being refunded.

(m) if the Additional Parity Indebtedness are being issued to finance a refunding (1) executed counterparts of such documents as are necessary or appropriate for the purposes of the refunding, including, specifically, an escrow deposit agreement providing for the deposit and application of funds for the refunding, (2) unless all refunded Indebtedness are to be redeemed or otherwise retired on the date of settlement for the refunding Indebtedness, such schedules, verified as to their mathematical accuracy by an Accountant, as are necessary to demonstrate the adequacy of funds deposited for the refunding and the income thereon for the purpose of paying, when due, the principal or redemption price of and interest on the refunded Indebtedness, and (3) evidence satisfactory to the Trustee that notice of any necessary redemption has been properly given, or that provisions satisfactory to the Trustee have been made therefor, or that sufficient waivers of such notice have been duly filed with the Trustee.

The opinion(s) of Counsel described in paragraph (c) above may be accepted by the Trustee as conclusive evidence that the requirements of this Section have been complied with, and the Trustee shall thereupon be authorized to execute said Supplemental Indenture, to authenticate the Additional Parity Bonds and to deliver the same to or upon the order of the Chair person, Vice-Chair person or Executive Director of the Authority.

SECTION 3.03. Exceptions for Certain Additional Parity Indebtedness.  
(a) Notwithstanding anything to the contrary in paragraphs (i), (j) or (k) of Section 3.02 above, the Authority may meet the requirements of those paragraphs by providing certificates as described in those paragraphs executed by an Authorized Representative of the Authority, so long as the aggregate principal amount of Additional Parity Indebtedness being issued does not exceed either \$250,000 or is for the completion of a Project, provided that with respect to Bonds to be issued to complete a Project, that the Engineer certifies that such funds are sufficient to complete the cost of the construction of such Project.

(b) Furthermore, notwithstanding anything to the contrary in paragraphs (i), (j), (k) and (l) of Section 3.02 above, the Authority may issue Additional Parity Indebtedness without satisfying paragraphs (i), (j), (k) and (l) of Section 3.02 above in any authorized amount if (i) all Outstanding Bonds are secured as to the payment of the principal of and interest due on such Bonds by a Credit Facility or Credit Facilities and issued concurrently with the delivery of each series of Bonds and being security for each series of Bonds, or any replacement thereof permitted in accordance with any Supplemental Resolution pursuant to which the applicable Bonds were issued and no such Credit Facility Provider has wrongfully dishonored a draw request for payment under such Credit Facility, which wrongful dishonor remains uncured, and (ii) the Credit Facility Provider or Credit Facility Providers, as the case may be, of each series of such Bonds consents to the issuance of the Additional Parity Indebtedness without satisfaction of such paragraphs or (iii) if the proceeds of such Additional Parity Indebtedness will be expended on a Project required to be constructed to comply with any State or federal law, rule or regulation.

SECTION 3.04. Application of Proceeds of Additional Parity Indebtedness. The proceeds of any Additional Parity Indebtedness, after paying the costs and expenses of the financing and making any other payments, shall be deposited with the Trustee in such fund or account to be established in and as shall be provided in the pertinent Supplemental Indenture. Any capitalized interest funded from the proceeds of any such Additional Parity Indebtedness shall be deposited with the Trustee in a separate sub-account within the relevant account of the Debt Service and Sinking Fund, as directed by the Authority.

The Trustee shall be authorized to disburse the money in the Construction Fund from time to time for the purpose of paying or reimbursing the Authority for the Costs of construction, acquisition, completion, restoration or replacement of Projects upon submission of requisitions of the Authority of the character contemplated by Section 4.04, upon which the Trustee may conclusively rely, or as otherwise provided in the pertinent Supplemental Indenture. In the case of payments for the purchase price of lands, rights of way or easements, or for any Project which is to be situate on lands, rights of way or easements for which the Authority has not previously received the opinion of Counsel hereinafter described, the Authority shall also furnish to the Trustee an opinion of Counsel, upon which the Trustee may conclusively rely, that the Authority has acquired title or such appropriate interest thereto, which opinion may be based and rely upon title insurance, provided that if all Bonds then Outstanding shall have the benefit of one or more Credit Facilities, such opinion shall not be required if the Credit Facility Provider or Providers shall state that the opinion is not required in a writing delivered to the Trustee before any such payment.

The proceeds of Additional Parity Indebtedness issued for refunding purposes shall after paying all costs and expenses incidental to the redemption and to the financing, be directly or indirectly applied by the Trustee to the payment or redemption of the Indebtedness to the refunded pursuant to the written order of the Authority described in Section 3.02(d) hereof.

The proceeds of Additional Parity Indebtedness issued for a purpose other than acquiring, constructing, completing, restoring or replacing Projects or to accomplish a refunding program of the Authority shall, except as otherwise provided in a supplemental resolution, after paying all costs and expenses incidental to the financing, be deposited in the Construction Fund and disbursed to the Authority as provided in Article IV hereof, unless otherwise prescribed by the Supplemental Indenture authorizing the Additional Parity Indebtedness.

SECTION 3.05. Additional Parity Indebtedness on Parity. All Additional Parity Indebtedness issued from time to time under this Article III shall be on parity with the 2025 Notes and with all other Additional Parity Bonds issued hereunder, except as expressly provided herein or permitted by this Indenture.

SECTION 3.06. Subordinated Indebtedness. The Authority may issued from time to time one or more series of Subordinated Indebtedness pursuant to the terms of a Supplemental Indenture for any lawful purpose of the Authority (including the provision of working capital of the Authority), such Subordinated Indebtedness to be in substantially such form as may be approved by the Authority and specified in the Supplemental Indenture authorizing the same. The priority of payments of principal or redemption price and interest on such Subordinated Indebtedness and the security therefor shall be as provided in the applicable Supplemental Indenture, which shall



make such provisions for payment of the Debt Service Requirements of the Subordinated Indebtedness from Revenues held in the Revenue Fund in a manner consistent with Article IV of this Indenture.

SECTION 3.07. Credit Notes. The Authority may issue from time to time one or more Credit Notes pursuant to the provisions of a Supplemental Indenture. Any Credit Note that secures a Credit Facility with respect to any series of Bonds shall be subordinate only to the Bonds of the series of Bonds to which the Credit Facility relates. Therefore, a Credit Facility Provider shall be entitled to share in the Trust Estate under and according to Article VIII hereof only when all amounts due and payable on the Bonds of the series of Bonds to which the Credit Facility it has issued relates have been fully paid. Any Credit Note that secures a Credit Facility with respect to Subordinated Indebtedness shall be likewise subordinated to such Subordinated Indebtedness. Furthermore, notwithstanding anything to the contrary contained herein, the Authority shall not be obligated to establish or fund a Debt Service Reserve Requirement with respect to any Credit Note, nor include any contingent payments under any Credit Note, nor include any contingent payments under any Credit Note as part of any calculation of Debt Service Requirements.

## ARTICLE IV.

### RATE COVENANT, REVENUES AND FUNDS.

SECTION 4.01. Pledge of Revenues; Security Interest. As security for its obligation to make payments required hereunder and to secure the performance and observance of all the covenants and conditions contained herein, and in confirmation of and subject to the Granting Clauses hereof, the Authority pledges and grants to the Trustee, subject to the uses and applications authorized or required by this Indenture, a lien on and security interest in the Trust Estate. The pledge made by this Indenture shall be valid and binding from the time such pledge is made, and the covenants and agreements set forth herein to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Registered Owners of the Bonds, all of which Bonds, regardless of their times of issue and maturity, shall be of equal rank, without preference, priority of or distinction of any one Bond over any other Bond. The Trust Estate shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and, except as otherwise provided herein, shall be held by the Trustee until disbursed as authorized by this Indenture in trust for the benefit of the Registered Owners from time to time of the Bonds issued and Outstanding under this Indenture.

Notwithstanding the above pledge, money from time to time deposited and held in the Debt Service and Sinking Fund for the payment of particular Bonds shall be held in trust by the Trustee for payment to the respective Registered Owners from time to time of the particular Bonds for the payment of which said money has been deposited in said Fund, and whenever Bonds shall be selected for redemption out of money on deposit in the Bond Redemption and Accumulated Surplus Fund, the money in such Fund to the amount necessary to pay principal, redemption premium, if any, and interest to the date fixed for redemption on the Bonds selected for redemption, shall be held by the Trustee in trust for the payment to the respective Registered Owners of the particular Bonds so selected for redemption.

SECTION 4.02. Rate Covenant. The Authority covenants that it will fix, charge and collect sewer rents, rates or charges pursuant to and in accordance with the applicable provisions of the Act and the Service Agreement, so long as any Bonds shall remain Outstanding, which shall produce, together with other Authority Revenues available therefore, in the aggregate Operating Revenues which shall be sufficient in each Fiscal year to provide for the Operating Expenses of the Authority as set forth in the Authority Budget for such Fiscal year ("Sewer Rents").

For purposes of the preceding covenant, Operating Revenues shall include amounts (i) capitalized from proceeds of Bonds or (ii) otherwise made available and reserved and not already taken into account hereunder by reduction of the obligation which Operating Revenues must cover.

The Authority shall, not less frequently than once each year, review and adjust its Sewer Rents so as to produce Operating Revenues which, together with amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account hereunder by reduction of the obligation which Operating Revenues must cover shall be sufficient to comply with this Section. In the event the Sewer Rents in effect shall be inadequate to comply with this Section, from time to time and as often as shall appear necessary, the Authority covenants

that it will adjust its Sewer Rents so as to produce Operating Revenues which, together with amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account hereunder by reduction of the obligation which Operating Revenues must cover, shall be sufficient to comply with the Section.

For the purpose of complying with the Rate Covenant, "amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account hereunder by reduction of the obligation which Operating Revenues must cover" shall mean money of the Authority held in a fund or account that is included within the Trust Estate and which the Trustee has been irrevocably instructed to apply to the payment of Operating Expenses within the Fiscal Year for which credit is given.

SECTION 4.03. Schedule of Sewer Rents. The Authority covenants and agrees to keep on file with the Trustee at all times a copy of the Schedule of Sewer Rents currently in effect.

SECTION 4.04. Construction Fund. (A) There is hereby created a special fund known as the Construction Fund which shall be held in trust by the Trustee until applied as provided hereunder. The Construction Fund shall include such separate accounts or sub-accounts as may be provided in a Supplemental Indenture. No disbursements of funds held from time to time in the Construction Fund shall be made except as permitted in this Article or in the related Supplemental Indenture. Amounts held in the Construction Fund shall be invested solely in Investment Securities as directed in writing by an Authorized Representative of the Authority subject to the limitations imposed therein by the Act. Any State, federal or municipal aid provided to the Authority for the construction or acquisition Costs of a Project shall be deposited by the Authority in the Construction Fund.

(B) The Trustee shall make payments from the Construction Fund only (i) upon the prior receipt of a requisition, signed on behalf of the Authority by an Authorized Representative, and if with respect to construction costs approved by the Engineer, stating (a) the date, (b) the name of the Person to whom the payment is to be made (which may be the Authority if it is to be reimbursed for advances made or obligations incurred by it and properly chargeable against the Construction Fund), (c) the amount to be paid, (d) in reasonable detail, the purpose for which the payment is to be made, (e) that the obligation was properly incurred and is a Cost, (f) that the amount requisitioned is due and unpaid, and has not been the subject of any previously paid requisition, (g) that following the payment the amount remaining on deposit in the Construction Fund either (i) is estimated to be sufficient to pay the remaining Cost of completing the Project, an addition to the Project or another improvement, repair or other construction for which the payment was made or (ii) the Authority is taking appropriate steps either to reduce the Cost or raise additional moneys (whether through increasing Revenues or through the issuance of debt) so that the amount remaining or deposited in the Construction Fund is estimated to be sufficient to pay the remaining Costs of completing the Project, an addition to the Facility or another improvement, repair, or construction, and (h) that with respect to items covered in the requisition, the signer has no knowledge of any vendors', mechanics' or other liens, conditional sales contracts, chattel mortgages, leases of personalty, title retention agreements or security interests which should be satisfied or discharged before the payments as requisitioned therein are made or which will not be discharged by such payment or (ii) as otherwise provided in a Supplemental Indenture. If the Costs of the Project, an addition to the Facility or another

improvement, repair or other construction in question are in aggregate less than \$250,000, the approving Engineer need not be Independent of the Authority.

(C) In the event that proceeds of the 2025 Notes or Additional Parity Indebtedness are intended to be used in whole or in part to acquire a Project, whether or not the Project is completely or partly constructed, such proceeds shall be disbursed from the Construction Fund to or upon the order of the Authority for the payment of the purchase price of the Project upon the terms and conditions specified in the Supplemental Indenture authorizing the 2025 Notes or the Additional Parity Indebtedness, as the case may be. In cases where the Project is intended to be acquired and construction may remain to be done following acquisition, the Authority shall state the amount of money held in the account established therefor in the Construction Fund that is to be allocated to the purchase price of the project and the remaining construction Cost of the Project at the time of its acquisition.

(D) The Trustee agrees that it shall hold all requisitions, affidavits, certificates and other documents delivered to the Trustee pursuant to this Section for a period of at least seven (7) years. Bondholders, and their agents and representatives, shall have the right to inspect such requisitions, affidavits, certificates and other documents at the Trustee's Principal Office at reasonable times and upon reasonable notice. Whenever disbursements are to be made to reimburse the Authority for advances or to discharge indebtedness of the Authority, the requisition shall relate to the underlying obligation for which the Authority is being reimbursed or for the payment of which the indebtedness of the Authority was incurred.

(E) The Authority covenants and agrees to complete the acquisition and construction, free of all liens and encumbrances, of all Projects financed, or refinanced, with the proceeds of the 2025 Notes or Additional Parity Indebtedness with all due dispatch and efficiency, provided, however that if the Authority makes a determination, evidenced by a resolution of the Governing Board of the Authority, that to complete any individual Project would not be in the best financial interests of the Authority, then the Authority shall discontinue the completion of that Project and the Trustee, upon receipt of such resolution, shall transfer any amounts remaining in the Construction Fund with respect to such discontinued Project to a segregated account in the Bond Redemption and Accumulated Surplus Fund, and apply such funds to either the redemption of the series of Bonds issued to finance the Project in question or, if there is delivered to the Trustee an opinion of Bond Counsel to the effect that the exclusion of interest on such series of Bonds will not be adversely affected, the financing of Costs of another Project.

(F) The Authority covenants that in the construction of all facilities by or under the control of the Authority it will comply with all laws, acts, rules, regulations, permits, orders and requirements lawfully made, of any national, state, legislative, executive, administrative or judicial body, commission or office, or other competent public authorities now or hereafter existing, exercising any power of regulation or supervision over the Authority or over the manner of the construction or operation thereof.

(G) The Authority covenants that it will enter into, or accept by assignment, construction contracts with competent contractors for any Project the construction of which is financed, or refinanced, with the proceeds of Bonds. The Authority shall obtain from each contractor either a performance bond and a labor and material payment bond executed by a surety

company qualified to do business in the State and having a rating of at least A by a nationally recognized rating agency or a letter of credit written upon a financial institution acceptable to the Authority providing, respectively, that the contractor shall faithfully perform his or her contract and shall indemnify and save the Authority harmless from expenses and damages, and that the contractor shall pay or cause to be paid all sums due for material furnished and labor supplied or performed in the prosecution of the work contemplated by his or her contract. The Authority shall deposit in the Construction Fund the net amounts recovered on such bonds or on any bonds or deposits delivered in connection with competitive bids of contractors or suppliers in connection with any Project, if any. Notwithstanding the above, the Authority may, in its discretion, waive the requirements for a performance bond, labor and material payment bond, or letter of credit for construction contracts in an amount equal to or less than \$50,000.

(H) The Authority will maintain, or cause to be maintained, builder's risk (or equivalent coverage) insurance upon any work done or materials furnished under construction contracts except excavations, foundations and any other structures not customarily covered by such insurance.

The Authority will also maintain or cause to be maintained, worker's compensation insurance covering all employees of contractors and subcontractors in amounts required by law, and public liability insurance against bodily injury and property damage in amounts not less than those recommended by the Engineer, who need not be Independent, and Authority Counsel.

If all Bonds are secured by Credit Facilities issued concurrently with the delivery of each series of Bonds and being security for each series of Bonds, or any replacement thereof permitted in accordance with any Supplemental Indenture pursuant to which the applicable Bonds were issued and the Credit Facility Providers of all such Credit Facilities approve and no such Credit Facility Provider has wrongfully dishonored a draw require for payment under such Credit Facility, which wrongful dishonor remains uncured, the terms and provisions of this Section may be varied by the Authority, or need not be followed by the Authority, without the need for the Authority to obtain the approval of any or all Bondholders.

(I) The Authority shall deliver to the Trustee within a reasonable time after the substantial completion or acquisition of a Project, an Officer's Certificate of completion approved by the Engineer stating the date of substantial completion or acquisition of the Project and the sum, if any, to be retained in the relevant account of the Construction Fund for the payment of any unpaid Costs of the Project.

Upon delivery of such certificate to the Trustee, any amount remaining in the relevant account of the Construction Fund and not reserved for the payment of Costs of such Project shall be transferred by the Trustee to the Bond Redemption and Accumulated Surplus Fund and applied to permitted purposes.

**SECTION 4.05. Costs of Issuance Fund.** The Trustee shall create, at a minimum, one separate fund, entitled the "Costs of Issuance Fund," to be held separate from all other funds and accounts of the Trustee.

The Authority shall transfer to the Trustee for deposit in the Costs of Issuance Fund any proceeds of Bonds or other amounts designated by the Authority. The Trustee shall apply the amounts on deposit in the Costs of Issuance Fund to the payment of Costs of Issuance of Bonds of the related series of Bonds at the written direction of the Authority. Any amounts on deposit therein that are not so applied within one year of deposit shall be applied to any fund created or established hereunder in which there is a deficiency, and, to the extent not so required, transferred to the Bond Redemption and Accumulated Surplus Fund. Costs of Issuance, including without limitation the Cost of any Credit Facility, shall be paid by the Trustee from the Costs of Issuance without need of prior invoice from the Credit Facility Provider.

Amounts held in the Costs of Issuance Fund shall be invested by the Trustee pursuant to Section 5.02 hereof solely in Investment Securities, subject to the limitations imposed thereon by the Act.

SECTION 4.06. Revenue Fund. There is hereby established a special fund designed as the "Revenue Fund", to be held by the Trustee in trust separate and apart from the other Funds and accounts of the trustee.

The Authority shall cause all Revenues received from the County pursuant to Sections 5.2 (a) (i), (ii), (iii), (iv) and (v) of the Service Agreement to be transferred to the Trustee for deposit in the Revenue Fund promptly upon receipt.

During Fiscal Year 2025 the Authority shall deposit with the Trustee at least one Business Day prior to any Payment Date the Debt Service Requirement for such Payment Date. Commencing on the first day of each calendar month succeeding Fiscal Year 2025, the Trustee shall make the following payments from the Revenue Fund in the following order of priority:

FIRST: If an Event of Default has occurred and is then continuing under the Service Agreement, and if the Trustee has exercised its remedy contained in Section 9.02(1) hereof, and the Trustee is required to pay all Operating Expenses, an amount to the applicable Operating Expense sub-account estimated in the Annual Budget as the next month's applicable estimated Operating Expenses. In the event that any unanticipated Operating Expenses in excess of the amounts set forth in the Annual Budget occur in any month the Trustee may transfer amounts from the Revenue Fund sufficient to meet such unanticipated Operating Expenses.

SECOND: From the balance, if any, in the Revenue Fund after making the deposit required by the preceding paragraph, an amount to the Debt Service and Sinking Fund as is necessary so that the balance in the Debt Service and Sinking Fund equals Accrued Debt Service.

THIRD: From the balance, if any, in the Revenue Fund after making the deposits required by the preceding paragraphs, an amount to the Debt Service Reserve Fund as is necessary so that the balance in the Debt Service Fund equals the Debt Service Reserve Requirement.

FOURTH: From the balance, if any, in the Revenue Fund after making the deposit required by the preceding paragraphs, such amount as is necessary to make all required payments for or in connection with Subordinated Indebtedness as provided in and in accordance

with the provisions of any Supplemental Indenture or similar document pertaining to such Subordinated Indebtedness.

FIFTH: From the balance, if any, in the Revenue Fund after making the deposits required by the preceding paragraphs, such amount as is necessary to make all required payments in any fund or account as the Authority or the Trustee at the direction of the Authority may from time to time create pursuant to Section 4.17 of the Indenture in such amount as is required by said direction.

SIXTH: The balance at the end of each Fiscal Year, if any, in the Revenue Fund after making the deposits required by the preceding paragraphs, to the Bond Redemption and Accumulated Surplus Fund.

SECTION 4.07 Operating Fund. The Authority covenants to create and maintain one or more accounts in one or more banks or trust companies designated as the “Operating Fund” separate and apart from the other funds and accounts of the Authority. The Operating Fund shall initially consist of one account, the Operating Expense Account. The Authority shall, except as provided in the following paragraph, deposit all revenues received from Sewer Rents in the Operating Fund immediately upon receipt. In the event there occurs and continues an Event of Default hereunder, the Operating Fund shall immediately be transferred by the Authority to an account held in trust with the Trustee.

The Operating Fund and the money from time to time on deposit therein shall be applied solely for the payment of Operating Expenses. Amounts held in the Operating Fund may be invested solely in Investment Securities, subject to the limitations imposed thereon by the Act. The disbursement of amounts in the Operating Fund shall be governed by such financial control standards and practices as are deemed prudent by the Authority.

Any money held by the Authority in the Operating Fund at the end of any Fiscal Year and not required to pay accrued but unpaid Operating Expenses for such Fiscal Year, and not intended to be applied to pay Operating Expenses during the next ensuing Fiscal Year quarter, shall be transferred to any Fund in which there is a deficiency and to the extent not so required shall be transferred and deposited by the Trustee first to reimburse the Bond Redemption and Accumulated Surplus Fund and then the Repair and Improvement Fund for any such transfers not then reimbursed. Any moneys remaining shall be transferred and deposited in the Bond Redemption and Accumulated Surplus Fund.

SECTION 4.08 Debt Service and Sinking Fund There is hereby created a special fund known as the Debt Service and Sinking fund which shall be held in trust by the Trustee until applied as hereinafter provided. The Debt Service and Sinking Fund shall include a separate account for each series of Bonds issued hereunder.

The authority shall pay to the Trustee from available Revenues (after the deposit required by Section 4.05, if any) for deposit in the relevant account of the Debt Service and Sinking Fund on or before the first Business Day of each calendar month in which there is a Payment Date an amount equal, in the aggregate, to Accrued Debt Service for all Bonds issued hereunder. In the event moneys are not sufficient for the payment of Debt Service on a Payment Date, the Trustee

shall, without instruction or further direction from the Authority, promptly transfer the requisite amounts from the Debt Service Reserve Fund to the relevant accounts of the Debt Service and Sinking Fund to make good any such deficiency.

The money held from time to time in the Debt Service and Sinking Fund shall be applied by the Trustee without further direction from the Authority to the payment of the Debt Service Requirements on the Bonds as and when the same shall become due and payable; provided that if the same shall have been paid under a Credit Facility (other than municipal bond insurance) relating to the series of Bonds on which the payments were due, including in those instances where Debt Service Requirements on a series of Bonds has been paid in the first instance from the proceeds of a Credit Facility amounts equal to such payments on deposit in the account of the Debt Service and Sinking Fund established with respect to Bonds of such series of Bonds shall be paid to the Credit Facility Provider as reimbursement. If a Supplemental Indenture provides that Debt Service Requirements on Bonds of a series of bonds issued thereunder are to be paid in the first instance from the proceeds of a Credit Facility, the Trustee shall comply with the terms of such Supplemental Indenture in that regard and draw upon the Credit Facility to pay Debt Service Requirements on Bonds of such series of Bonds.

SECTION 4.09. Debt Service Reserve Fund. There is hereby created a special fund known as the Debt Service Reserve Fund which shall be held in trust by the Trustee until applied as hereinafter provided. The Debt Service Reserve Fund shall include a separate account for each series of Bonds issued hereunder for which a Supplemental Indenture requires a Debt Service Reserve Fund. Amounts held in the Debt Service Reserve Fund shall be invested by the Trustee as directed in writing by an Authorized Representative of the Authority solely in Investment Securities, subject to the limitations imposed by the Act. Any earnings on investments of moneys in the Debt Service Reserve Fund shall be transferred to the Debt Service and Sinking Fund.

The Trustee shall be authorized, without further direction from the Authority, to apply the money in the Debt Service Reserve Fund toward the payment of the Debt Service Requirements from time to time becoming due and payable upon a series of Bonds, to the extent that the Debt Service and Sinking Fund shall at any time be insufficient with respect to such series of Bonds. The Trustee shall, for any particular series of Bonds, initially draw funds from the related account within the Debt Service Reserve Fund, and to the extent a deficiency in the Debt Service and Sinking Fund continues to exist subsequent to the exhaustion of such related account, the Trustee shall draw funds from all other accounts within the Debt Service Reserve Fund pro-rata on the basis of the amount held in each of the other accounts at the time of such draw.

In the event of any deficiency in the Debt Service Reserve Fund, the Authority shall thereafter make monthly transfers from the Revenue Fund, to the extent that money shall be available therein after making provision for the payments and deposits required by Sections 4.07, if any and 4.08, until the amount in each account in the Debt Service Reserve Fund in cash or investments shall equal the Debt Service Reserve Requirement for such account. Amounts held in each account of the Debt Service Reserve Fund shall be restored to their respective Debt Service Reserve Requirement within twelve (12) months after the occurrence of any deficiency therein.

Upon written instructions of an Authorized Officer of the Authority during the twelve (12) month period prior to the final maturity date of any series of Bonds, money held in the related



account shall be credited against the amount otherwise transferable from the Revenue Fund to the Debt Service and Sinking Fund in respect of Debt Service Requirements for such Bonds and shall be transferred to the Debt Service and Sinking Fund for the payment of such Debt Service Requirements; provided, however, that no such credit shall be given and no such transfer shall be made if, immediately prior to such crediting and transfer, the amount on deposit in the related account is not at least equal to (i) the Debt Service Reserve Requirement with respect to such series of Bonds less (ii) the amounts previously transferred to the Debt Service and Sinking Fund for payment of such series of Bonds during such twelve (12) month period pursuant to this Section, and any amounts which are currently payable to the Rebate Fund.

Except to the extent that a Supplemental Indenture shall provide otherwise, when all Outstanding Bonds of a particular series shall have been paid, purchased or redeemed, or provision for their payment or redemption duly made, the amount then held in the Debt Service Reserve Fund in respect of such series of Bonds (except for amounts payable to the Rebate Fund) shall, upon the written instructions of an Authorized Officer of the Authority, be transferred from the Debt Service Reserve Fund and deposited in the Revenue Fund.

SECTION 4.10. Reserve Fund Credit Facility. The Authority may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a letter of credit, insurance policy or surety bond (together with any substitute or replacement therefore, the “Reserve Fund Credit Facility”), subject to the following requirements:

(A) The Reserve Fund Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the then current rating on the related series of Bonds and in any event equal to one of the Rating Agency’s three highest long-term rating categories;

(B) The Authority shall not secure any obligation to the Reserve Fund Credit Facility Provider by a Lien on the Trust Estate superior to the Lien on the Trust Estate granted to the Bondholders;

(C) Each Reserve Fund Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the related series of Bonds) and shall entitle the Trustee to draw upon or demand payment at such times and for such purposes as the Trustee would be entitled to claim the funds and investments that would be on deposit in the Debt Service Reserve Fund were there no such Reserve Fund Credit Facility and receive the amount so requested in immediately available funds not later than five (5) Business Days after such draw or demand. To assure a timely draw on any Reserve Fund Credit Facility and timely payment of funds in the Debt Service and Sinking Fund as provided in Section 4.07 hereof, any Supplemental Resolution providing for a Reserve Fund Credit Facility shall provide that the date for deposit in the applicable account of the Debt Service and Sinking Fund for a series of Bonds for which a Reserve Fund Credit Facility has been provided shall be no later than five days prior to the first Business Day of each calendar month in which an Accrued Debt Service payment is due;

(D) The Reserve Fund Credit Facility shall permit a drawing by the Trustee for the full Stated Amount in the event (i) the Reserve Fund Credit Facility expires or terminates for any reason prior to the final maturity of the related series of Bonds, and (ii)

the Authority fails to satisfy the Debt Service Reserve Requirement by the delivery to the Trustee of cash, obligations, a substitute Reserve Fund Credit Facility, or any combination thereof, for deposit in the related account in the Debt Service Reserve Fund on or before the date of such expiration or termination;

(E) If the rating issued by the Rating Agencies to the Reserve Fund Credit Facility Provider is withdrawn or reduced below the rating assigned to that of the related series of Bonds immediately prior to such action by the Rating Agencies, the Authority shall provide a substitute Reserve Fund Credit Facility within sixty (60) days after said rating change, and, if no substitute Reserve Fund Credit Facility is delivered to the Trustee by such date, shall fund the Debt Service Reserve Requirement in not more than forty-eight (48) equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of said sixty (60) day period; and

(F) If the Reserve Fund Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Authority shall provide a substitute Reserve Fund Credit Facility within sixty (60) days thereafter, and, if no substitute Reserve Fund Credit Facility is delivered to the Trustee by such date, shall fund the Debt Service Reserve Requirement in not more than forty-eight (48) equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of said sixty (60) day period.

If the events described in either (E) or (F) above occur, the Trustee shall not relinquish the Reserve Fund Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Reserve Fund Credit Facility or any combination thereof. In the event a Reserve Fund Credit Facility is delivered to the Trustee, the Trustee shall transfer the money and securities held in the related account of the Debt Service Reserve Fund, to the extent not needed to comply with the Debt Service Reserve Requirement, to the Bond Redemption and Accumulated Surplus Fund. The Trustee is hereby authorized and directed to draw upon or demand payment from any such Reserve Fund Credit Facility in accordance with its terms in the event funds are needed from the Debt Service Reserve Fund in accordance with Section 4.09 hereof. Any amount received from the Reserve Fund Credit Facility shall be deposited directly into the Debt Service and Sinking Fund and such deposit shall constitute the application of amounts in the Debt Service Reserve Fund. If amounts held in an account of the Debt Service Reserve Fund containing a Reserve Fund Credit Facility are less than the related Debt Service Reserve Requirement because the Reserve Fund Credit Facility has been drawn upon and has not been reinstated, the Authority shall transfer from the Revenue Fund, (after the deposits in Section 4.07, if any, 4.08 and 4.09 hereof, in amounts sufficient to reinstate said Reserve Fund Credit Facility, and the Trustee shall pay such amounts to the Reserve Fund Credit Facility Provider. Upon the reinstatement of the Reserve Fund Credit Facility, said payment shall constitute the replenishment of said account.

SECTION 4.11. Rebate Fund. This is hereby created and established with the Trustee as a special fund designated as the "Rebate Fund" separate and apart from the other Funds and accounts of the Trustee which shall not be subject to the lien of the Indenture.

(a) The Authority covenants to create and maintain one or more accounts in one or more banks or trust companies designated as the “Rebate Fund” separate and apart from the other funds and accounts of the Authority which shall be used for the deposit of the Rebate Amount, and shall not be subject to the lien of this Indenture.

(b) The Authority covenants to determine the Rebate Amount or cause the same to be determined in the manner provided in Section 148(f) of the Code, the Treasury Regulations promulgated thereunder and any other rules which may be promulgated thereafter by the Treasury Department or Internal Revenue Service (the “Rules”) and to transfer or cause to be transferred to Trustee such determination for purposes of paragraph (c) of this Section.

(c) Records of each of the determinations required to be made pursuant to Section 4.11(b) hereof and the Rules shall be retained by the Trustee until a date which is six (6) years after the retirement of the last Bond.

(d) The Authority shall deposit in the Rebate Fund the Rebate Amount which may be from a transfer from the Revenue Fund or from available investment earnings on amounts held in any Fund, as directed in writing by the Authority.

(e) If any amount shall remain in the Rebate Fund after the Authority has made the final payment to the United States in accordance with the Rules, such amount shall be deposited in the Debt Service and Sinking Fund. The Authority may deposit any projected excess amount in the Debt Service and Sinking Fund prior to such final payment.

(f) Any money held as a part of the Rebate Fund shall be invested or reinvested by the Authority in Investment Securities, subject to the restrictions set forth in the Rules.

(g) Any and all money held as part of the Rebate Fund shall be considered proceeds of the Bonds for all purposes including, but not limited to, the limitations on investments in Non-Purpose Investments.

(h) The Rebate Amount shall be paid to the United States by the Authority in installments as provided in the Rules. Each payment of an installment of the amount required to be paid to the United States shall be paid at the time and in the manner provided in the Rules. The duty of the Trustee to make payments to the United States pursuant to this Section and the Rules shall be expressly limited to funds available in the Rebate Fund at the times such payments are required to be made (including all investment earnings on funds theretofore deposited by the Trustee in the Rebate Fund), and any other funds actually provided to the Trustee by the Authority for such payments. The Trustee shall not be under any duty to pay any amounts in excess of the amount available in the Rebate Fund, if any, or actually provided to it by the Authority. The Trustee shall not have any duty to determine the Rebate Amount or expend its own funds with respect to the determination that any amounts are rebatable or the calculation thereof.

SECTION 4.12. Repair and Improvement Fund. There is hereby created a special fund to be known as the Repair and Improvement Fund which shall be held in trust by the Trustee until applied as hereinafter provided. There shall be deposited in the Repair and Improvement Fund at the time of the sale of Bonds, for which a Supplemental Indenture so requires, from monies available for such purpose an amount equal to the Repair Reserve Requirement. To the extent that

amounts on deposit in the Repair and Improvement Fund are less than the Repair Reserve Requirement, the Authority shall deposit in the Repair and Improvement Fund as soon as the Authority determines it to be practicable sufficient Revenues in an amount equal to the shortfall.

The money in the Repair and Improvement Fund shall be paid out from time to time by the Trustee upon requisitions or letters of instruction indicating in reasonable detail the purpose of the payment and signed on behalf of the Authority by its Chairperson or Vice-Chairperson. To the extent proceeds held in the Repair and Improvement Fund are to be applied towards the purposes described in paragraphs (a) or (c) below, the requisitions filed with the Trustee shall be of the character contemplated by Section 4.04 hereof.

The money on deposit in the Repair and Improvement Fund may be used for any one or more of the following purposes:

- (a) to pay all or any part of the Cost of constructing, acquiring, completing or restoring Projects;
- (b) to pay the Cost of Operating Expenses, renewals to or replacement of Projects or to pay the Cost of extraordinary maintenance and repairs thereto;
- (c) to repay the temporary loans, or any part thereof, incurred for the purpose of acquiring or constructing Projects, renewals and replacements or undertaking extraordinary maintenance and repairs; or;
- (d) to pay other debts and liabilities of the Authority incurred in connection with the operation of the Sewer System not otherwise provided for, and to the payment of Debt Service Requirements.

In case of payments for the acquisition of land, rights-of-way and easements, the Authority shall also furnish the Trustee with an opinion of Counsel satisfactory to the Trustee, upon which the Trustee may conclusively reply, stating that the Authority has acquired or upon satisfactory completion of the transaction will acquire title to such lands, rights-of-way or easements.

SECTION 4.13. Bond Redemption and Accumulated Surplus Fund. There is hereby created a special fund to be known as the Bond Redemption and Accumulated Surplus Fund which shall be held in trust by the Trustee until applied as hereinafter provided. At the end of each Fiscal Year the Authority shall deposit in the Bond Redemption and Accumulated Surplus Fund all revenues then on hand and not otherwise on deposit in a fund or account, the net proceeds from the sale of any Project as well as insurance and condemnation proceeds received as a result of damage, destruction or condemnation of any Project in accordance with Section hereof. Any such sale, insurance or condemnation proceeds shall be applied solely for the purpose of purchasing or redeeming Bonds as described below.

Whenever there shall be a deficiency in any other fund or account hereunder, the Trustee shall forthwith and without instructions from the Authority, make good such deficiency from moneys, except sale, insurance or condemnation proceeds on deposit in the Bond Redemption and Accumulated Surplus Fund. If there shall be no such deficiency in any of said funds or accounts, the money in the Bond Redemption and Accumulated Surplus Fund shall be paid out from time to

time by the Trustee upon requisitions or letters of instruction indicating in reasonable detail the purpose of the payment and signed on behalf of the Authority by its Chairperson or Vice-Chairperson.

The money on deposit in the Bond Redemption and Accumulated Surplus Fund may be used upon the written request of the Authority to purchase or redeem any Bonds of any series at a price not greater than 100% of the principal amount thereof (or, to the extent permitted by law, the then current optional redemption price for such series of Bonds) plus accrued interest.

SECTION 4.14. Transfer to Other Funds. The Trustee shall on each December 31 deposit any funds remaining in the Debt Service and Sinking Fund not required to pay or provide for the payment of Debt Service Requirements for the Bonds to the following funds, in the following order of priority:

- (i) to the Debt Service Reserve Fund, to the extent that the amount then on deposit therein, including Investment Securities valued as hereinbefore provided, is less than the Debt Service Reserve Requirement; and

- (ii) to the Bond Redemption and Accumulated Surplus Fund.

SECTION 4.15. Sale of Property The Authority may, from time to time, sell or permit the sale of any machinery, fixtures, apparatus, tools, instruments, or movable property or any materials used in connection therewith which are no longer needed or useful in connection with the operation of the Sewer System, provided that if the fair market value of such machinery, fixtures, apparatus, tools, instruments, or movable property or any materials used in connection therewith is reasonably expected to be in excess of \$100,000 an Engineer shall concur in writing with such declaration, and the proceeds thereof shall be applied to the replacement of the property so sold or disposed of or shall be deposited, at the Authority's discretion, in the Bond Redemption Fund or the Repair and Improvement Fund. The Authority may also from time to time sell or convey such real property as the Authority by resolution shall declare to be no longer necessary or useful in connection with the operation of the Sewer System, provided that if the fair market value of such real property is reasonably expected to be in excess of \$500,000 an Engineer shall concur in writing with such declaration. The proceeds of any sale of real property shall be deposited, at the Authority's discretion, in the Bond Redemption and Accumulated Surplus Fund or the Repair and Improvement Fund.

SECTION 4.16. Discontinuation of Funds. In the event that the Authority shall desire to redeem and pay all Outstanding Bonds, and the money in the funds held by the Trustee under this Indenture, or in any one or more of said funds, together with other available money, are sufficient to effect such redemption or payment, including in addition to principal and interest, costs of redemption and proper charges and expenses of the Trustee, said funds or any one or more of them as the case may be, may be discontinued and the money therein applied toward such redemption or payment.

SECTION 4.17. Additional Funds or Accounts. The Authority or the Trustee at the direction of the Authority may create such additional funds or accounts (or additional accounts or sub-accounts within existing funds or accounts) as the Authority deems necessary or desirable. Any

Supplemental Indenture may provide for additional amounts to be paid into any of the funds or accounts established hereunder and the manner of making payments into and disbursements from such funds or accounts not materially inconsistent with the provisions of this Indenture.

## ARTICLE V.

### SECURITY FOR AND INVESTMENT AND DEPOSIT OF FUNDS.

SECTION 5.01. Deposits and Security Therefor. All money received by the Trustee under this Indenture for deposit in any fund established hereunder shall, except as hereinafter provided, be deposited in interest bearing accounts in the commercial or trust department of the Trustee, until or unless invested or deposited as provided in Section 5.02 hereof. All deposits in the commercial department of the Trustee (whether original deposits under this Section 5.01 or deposits or redeposits in time accounts under Section 5.02 hereof) in excess of the amount covered by insurance by the Federal Deposit Insurance Corporation, shall be secured by a pledge of Government Obligations having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance so deposited, or secured as required by applicable law. If at any time the commercial or trust department of the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may deposit such money with any other depository which is authorized to receive them and is subject to supervision by public authorities. All deposits in any other depository (whether under this Section or Section 5.02 as aforesaid) in excess of the amount covered by insurance by the Federal Deposit Insurance Corporation shall to the extent permitted by law, be secured by a pledge of Government Obligations having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance so deposited. Such security shall be deposited with a Federal Reserve Bank or with a bank or trust company having a combined capital and surplus of not less than \$20,000,000.

Notwithstanding the foregoing, or anything else to the contrary herein, the proceeds of any remarketing of Bonds pursuant to a Supplemental Indenture shall be held by the Trustee or a Tender Agent, as the case may be, separate and apart from any other funds of the Authority, the Trustee or the Tender Agent and from any other funds held under this Indenture for the exclusive benefit of the parties to be paid therefrom and may be invested only in Government Obligations maturing or coming due by the earlier of thirty (30) days following investment or the date needed for the purposes of this Indenture.

### SECTION 5.02. Investment of Funds.

(A) The Trustee shall, pursuant to written or oral (promptly confirmed in writing) investment instructions from an Authorized Representative of the Authority, invest and reinvest money held in any fund or account held by the Trustee under this Indenture in Investment Securities. Such instructions may authorize specific transactions with respect to the deposits to be made or the Investment Securities to be purchased and the prices to be paid, and may include general instructions for future reinvestments of cash as and when such obligations are paid or redeemed. The scope of such general instructions shall be satisfactory to the Trustee which may, if it deems it advisable, from time to time require specific instructions or general instructions within defined limits. All investments made pursuant to this Section 5.02 shall mature or be subject to redemption at not less than the principal amount thereof or the cost of acquisition, whichever is lower, and all deposits in time accounts shall be subject to withdrawal, not later than the date when the amounts will foreseeably be needed for purposes of this Indenture.

(B) Except as otherwise provided in this Indenture, the interest and income received upon such investments and any interest paid by the Trustee or any other depository of any fund or account and any profit or loss resulting from the sale of any investment shall be added or charged to the fund or account in question, provided, however, that the Trustee shall credit any investment income or loss with respect to any fund or account established hereunder to any other fund or account, as directed in writing by the Authority.

(C) Upon request of the Authority, whenever a payment is to be made out of any fund or account the Trustee shall sell such Investment Securities as may be requested or required to make the payment and restore the proceeds to the fund or account in which the Investment Securities were held. The Trustee shall not be accountable for any depreciation in the value of any such Investment Security or for any loss resulting from the sale thereof.

SECTION 5.03. Valuation of Funds. To the extent the Trustee holds amounts in any fund or account established under this Indenture, and at the direction of the Authority, the Trustee shall compute the value of the assets of each such fund or account after taking into account any payments required to be made to Bondholders on such dates and any transfers required to be made hereunder. In computing the value of any fund or account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at the face value or the current market value thereof, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the owner.

Notwithstanding anything contained herein to the contrary, the Trustee shall compute the value of all Investment Securities at the market value thereof at least annually. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored to the amount required by the Indenture for any such fund or account not later than one hundred and twenty (120) days following any such determination of deficiency.



## ARTICLE VI.

### REDEMPTION OF BONDS.

SECTION 6.01. Bonds Subject to Redemption. The Bonds issued or to be issued hereunder shall be subject to redemption at such time or times and from time to time, in such order, at such redemption prices, upon such notice, and upon such terms and conditions as may be expressed in the particular Bond, or, as the case may be, in this Indenture or in the pertinent Supplemental Indenture. In the event of a conflict between this Indenture and a Supplemental Indenture concerning these matters, including, without limitation, notice of any redemption, the Supplemental Indenture shall govern.

SECTION 6.02. Notice of Redemption. Whenever the Authority shall, by Resolution of the Authority, determine to redeem Outstanding Bonds in accordance with the right reserved to do so, the Authority shall give the Trustee not more than sixty (60) days' and at least forty-five (45) days' notice of the date fixed for redemption. When Bonds are called for redemption, whether at the option of the Authority or pursuant to mandatory redemption, the Trustee shall cause a notice to be deposited in the United States mail first class, postage prepaid, not more than sixty (60) days and at least thirty (30) days prior to the redemption date addressed to the Registered Owners of the Bonds called for redemption, at the addresses appearing in the records kept by the Trustee. Such Notice shall be given in the name of the Authority, shall identify the Bonds to be redeemed by certificate number, CUSIP number, date of issue, interest rate, maturity date and any other identifying information (and in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed and the numbers, including CUSIP numbers if applicable, of the Bonds to be redeemed which may, if appropriate, be expressed in designated blocks of numbers) shall specify the redemption date, the redemption price, and the Trustee's name and address and shall state that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of the Trustee and that from the date of redemption interest will cease to accrue provided, however, that the Registered Owners of all Bonds to be redeemed may file written waivers of notice with the Trustee, and if so waived, such Bonds may be redeemed and all rights and liabilities of the Owners shall mature and accrue on the date set for such redemption, without the requirement of written notice. Any defect in or failure to give such notice with respect to any particular Bond or Bonds shall not affect the validity of any such redemption of other Bonds.

If at the time of the notice of redemption the Authority shall not have deposited with the Trustee money sufficient to redeem all the Bonds called for redemption and the Trustee shall not otherwise hold such money for such purpose, such notice may state that it is conditional, that is, subject to the deposit of the redemption money with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

SECTION 6.03. Payment of Redemption Price. Notice having been given in the manner hereinbefore provided, or written waivers of notice having been filed with the Trustee prior to the date set for redemption, the Bonds so called for redemption shall become due and payable on the redemption date so designated and, if an amount sufficient to pay the redemption price is on deposit with the Trustee for such purpose on such date, interest on such Bonds shall cease to accrue from

the redemption date whether or not the Bonds shall be presented for payment. The principal amount of all Bonds or portions thereof so called for redemption, together with the accrued and unpaid interest thereon to the date of redemption shall be paid by the Trustee or the Paying Agent, if any, mentioned in the Bond called for redemption, upon presentation and surrender thereof in negotiable form. If any Outstanding Bond is redeemed in part, the Trustee shall authenticate and deliver to the Registered Owner thereof, a new Bond or Bonds of any authorized denomination as requested by such Registered Owner in an aggregate principal amount equal to the principal amount of the Outstanding Bond not called for redemption.

SECTION 6.04. Destruction of Bonds. All Bonds which shall be paid, purchased or redeemed by the Trustee or Authority pursuant to the terms and provisions of this Indenture, or of any Supplemental Indenture, shall be cancelled and destroyed by the Trustee which shall furnish the Authority with its certificates of destruction.

## ARTICLE VII.

### INSURANCE.

SECTION 7.01. Insurance. The Authority has covenanted in the Service Agreement to insure or cause to be insured the Sewer System as therein set forth and to file with the Trustee policies and endorsements or memoranda of such insurance. In the event that any of the buildings, structures, additions or improvements of the Sewer System shall be wholly or partially destroyed by fire or other casualty covered by permanent insurance, the Authority has covenanted in the Service Agreement to take all such actions and do all such things as may be necessary to enable recovery to be made upon the policy or policies of insurance covering the risk to the end that all proceeds of insurance may be expeditiously collected.

The proceeds of permanent insurance shall be paid by the Authority to the Trustee and applied, subject to the provisions of this Section, to the reconstruction, restoration, replacement or repair of the damaged or destroyed property, or to the acquisition or construction of Projects or to the redemption or purchase of Bonds as follows:

(a) Deposit in Construction Fund. If the Authority shall by resolution determine to apply all or part of said proceeds to the reconstruction, restoration or repair of the damaged property, or to the construction or acquisition of Projects, an Authorized Representative of the Authority shall provide a written authorization to the Trustee directing the Trustee to deposit such proceeds in the Construction Fund. Disbursements may be made from the Construction Fund by the Trustee from time to time upon requisitions made by an Authorized Representative of the Authority, stating the amount to be paid and designating the payee and certifying that the payment is due and payable for the reconstruction, restoration, replacement or repair of the damaged or destroyed property or for the construction or acquisition of a Project, and, if the Engineer is employed to supervise the work, upon submission of certificates of the Engineer in form satisfactory to the Trustee approving such payment; provided, however, that if the Authority shall certify to the Trustee that the amount to be so applied from said insurance proceeds is not more than \$1,000,000, then the Authority may retain said insurance proceeds for application toward the reconstruction, restoration, replacement or repair of the damaged or destroyed property or toward the construction or acquisition of Projects.

(b) Deposit in Bond Redemption and Accumulated Surplus Fund. All proceeds of permanent insurance not applied as hereinabove authorized shall be transferred to the Trustee for deposit in the Bond Redemption and Accumulated Surplus Fund and applied by the Trustee to redeem or purchase Bonds in accordance with the final paragraph of Section 4.13 hereof.

Nothing in this Section 7.01 shall be construed to relieve the Authority under the Service Agreement from its obligation to maintain the Sewer System in good repair, working order and condition, excepting only that to the extent that the proceeds of insurance shall be applied to the reconstruction, restoration, replacement or repair of damaged or destroyed property, or to the construction or acquisition of Projects, or shall be applied toward the purchase, redemption, or defeasance of Bonds, then and to such extent the Authority shall be relieved of such obligation with respect to the damaged or destroyed property.

## ARTICLE VIII.

### PARTICULAR COVENANTS OF THE AUTHORITY.

SECTION 8.01. Payment of Bonds. The Authority covenants that it will promptly pay from the Trust Estate the Debt Service Requirements for every Bond issued and to be issued hereunder and secured thereby at the place and on the dates and in the manner specified herein and in said Bonds, or therein, according to the true intent and meaning thereof. The Authority further covenants that it will pay as and when due from sources legally available therefore the Debt Service Requirements on all other Indebtedness.

SECTION 8.02. Operation of Facility. The Authority covenants that it will at all times operate, maintain, or undertake its best efforts to cause to be operated and maintained, the Facility and every part thereof in good repair, working order and condition.

SECTION 8.03. Corporate Existence and Service. The Authority shall throughout the term of the Bonds maintain its existence and covenants to provide Sewer Service.

SECTION 8.04. No Impairment of Bondholders' Rights. The Authority covenants and agrees that so long as any of the Bonds secured hereby are Outstanding, none of the Pledged Revenues shall be used for any purpose other than as provided in this Indenture, and that no contract or contracts shall be entered into or amended or any action taken by which the rights or security of the Trustee or of the Bondholders may be impaired or diminished.

SECTION 8.05. Further Action. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Indenture.

SECTION 8.06. No Extension of Time for Payment of Interest. In order to prevent any accumulation of claims for interest after maturity, the Authority covenants and agrees that it will not directly or indirectly extend or assent to the extension of time of payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, such claim for interest shall not be entitled in case of any default hereunder, to the benefit or security of this Indenture except subject to the prior payment in full of the principal of all Bonds issued and Outstanding hereunder, and of all claims for interest which shall not have been so extended or funded.

SECTION 8.07. Financing Statements. The Authority shall cause financing statements relating to this Indenture to be filed, registered and recorded in such manner and at such places as may be required by law (in the opinion of Counsel) to fully protect the security of the Registered Owners of the Bonds. The Authority shall perform or shall cause to be performed any acts, and execute and cause to be executed any and all further instruments as may be required by law (in the opinion of Counsel) or as shall reasonably be requested by the Trustee for the protection of the interests of the Trustee and the Bondholders, and shall furnish satisfactory evidence to the Trustee of recording, registering, filing and refileing of such instrument and of every additional instrument which shall be necessary to preserve the lien and security interest of this Indenture upon the Trust

Estate or any part thereof until the principal of and interest on the Bonds secured hereby shall have been paid. The Authority and the Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as the Trustee may be advised by an opinion of Counsel will preserve the lien and security interest of this Indenture upon the Trust Estate or any part thereof until the aforesaid principal and interest shall have been paid.

SECTION 8.08. Federal Tax Covenants. The Authority hereby covenants not to take or omit to take any action so as to cause interest on any Tax-Exempt Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Section 103 and Sections 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of such Tax-Exempt Bonds. The Authority further covenants that it will make no investments or other use of the proceeds of any Tax-Exempt Bonds which would cause such Tax-Exempt Bonds to be “arbitrage bonds” as defined in Section 148 of the Code. The Authority further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, including the payment of any Rebate Amount, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable.

SECTION 8.09. Maintenance of Service Agreement. The Authority covenants and agrees to take all steps legally within its power to maintain in full force and effect, for its part, the Service Agreement, to comply with its obligations under the foregoing and to enforce the foregoing against the other party thereto.

SECTION 8.10. Authority Budget. The Authority covenants that it will adopt by resolution and file with the Trustee for each Fiscal Year, an Authority Budget or Budgets setting forth the estimated monthly Operating Expenses, Debt Service Requirements, and other expenses, if any. Any Authority Budget may be amended or supplemented at any time, but such amendment or supplemented Authority Budget shall not supersede any prior Authority Budget until it shall have been authorized by a certified resolution of the Authority. The Authority Budget may authorize certain variances for various line items at the discretion of the Authority Officers, as the Governing Board of the Authority deems prudent, and amounts expended within such authorized variances shall be deemed to be within the amount provided for in the Authority Budget.

SECTION 8.11. Engineer. The Authority shall, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, for the purpose of performing and carrying out the duties imposed on the Engineer by this Indenture or the Service Agreement, employ an Independent Engineer or engineering firm having a nationwide and favorable reputé for skill and experience in such work and, except in the case of the firm serving as Engineer at the time of the adoption of this Indenture, who shall be acceptable to the Trustee; provided, however that the acceptance of the Trustee shall not be unreasonably withheld, and if the Trustee shall fail to so accept, it shall deliver to the Authority a statement of its reasons for such failure. In rendering any report, certificate or opinion required pursuant to this Indenture or the Service Agreement, the Engineer may rely upon information, certificates, opinions or reports required to be provided by others pursuant to this Indenture, and upon other sources which the

Engineer considers reliable, and other considerations and assumptions as deemed appropriate by the Engineer.

## ARTICLE IX.

### EVENTS OF DEFAULT AND REMEDIES.

SECTION 9.01. Events of Default Defined. Each of the following shall be an “Event of Default” or a “Default” hereunder:

(A) Payment of the principal of any Bond is not made when it becomes due and payable at maturity or upon redemption, or otherwise or if payment of any installment of interest on any Bond is not made when it becomes due and payable; or

(B) If the Authority defaults in the due and punctual performance of any other covenant in the Bonds or in this Indenture, and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Authority by the Trustee; provided that if any such default cannot be cured within thirty (30) days the period shall be extended for such period as is reasonable to cure the same with due diligence if the Authority commences the cure within thirty (30) days and proceeds diligently; or

(C) A default under the Service Agreement by the Authority shall have occurred and be continuing after any permitted period of cure therein provided for a period of forty-five days after written notice thereof stating that such notice is a “Notice of Default” to the Authority by the Trustee, or to the Authority and the Trustee by the holders of not less than twenty-five percent (25%) in principal amount of Bonds Outstanding; or

(D) The occurrence of any Act of Bankruptcy with respect to the Authority; or

(E) The failure of timely payment of the purchase price of any tendered Bond required to be paid according to the Supplemental Indenture authorizing such Bond; or

(F) Such additional Events of Default as may be set forth in a Supplemental Indenture duly executed in connection with the issuance of the Bonds.

The Trustee shall give written or telephonic (promptly confirmed in writing or by confirmed teletype) notice of any Event of Default, as herein defined, to the Authority and any Credit Facility Provider as soon as practicable after the occurrence of such Event of Default becomes known to the Trustee.

Notwithstanding the foregoing provisions, Additional Parity Indebtedness in the form of capitalized leases may provide for grace periods of up to twelve (12) months before the occurrence of a default under the lease shall constitute an Event of Default hereunder.

SECTION 9.02. Enforcement of Remedies by Trustee. Upon the happening and continuance of any Event of Default specified in Section 9.01 then and in every such case the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding hereunder, shall:

(1) By mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Registered Owners, including the right (i) to require the Authority to collect Sewer

Rents adequate to carry out any agreement as to, or pledge of, such Sewer Rents, (ii) to demand all monies and securities then held by the Authority in any Operating Expense account and all Revenues be promptly paid to the Trustee for deposit in the Revenue Fund, and (iii) to require the Authority to carry out any other agreements with the County under the Service Agreement or the Registered Owners of such Bonds and to perform its duties under this Indenture and the Act; and/or

- (2) Bring suit upon such Bonds; and/or
- (3) By action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the Registered Owners of such Bonds; and/or
- (4) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of such Bonds; and/or
- (5) Enforce the Service Agreement, as assignee of the Authority; and/or
- (6) Perform the Authority's obligations under the Service Agreement.

The Trustee hereunder shall proceed in accordance with the Act, subject to the provisions of Section 9.01, to protect and enforce its rights and the rights of the Registered Owners under the laws of the State or under this Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming and at any time remaining due from the Authority for principal, interest or otherwise under any of the provisions of this Indenture or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Registered Owners, and to recover and enforce any judgment or decree against the Authority, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from money in any fund created in the Indenture) in any manner provided by law, the money adjudged or decreed to be payable.

Any suit, action or proceeding by the Trustee on behalf of Registered Owners shall be heard or maintained in a court of competent jurisdiction. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced, by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Registered Owners of such Bonds, subject to the provisions of this Indenture.



SECTION 9.03. Effect of Discontinuance of Action. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 9.04. Control of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding hereunder shall have the right, subject to the provisions of Section 9.05 of this Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture.

SECTION 9.05. Restriction on Bondholders' Action. No Registered Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or, for any other remedy hereunder unless (i) any Registered Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted which specifically refers to such event as an "Event of Default", (ii) the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name; (iii) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby; (iv) the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared, in every such case at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more Registered Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Registered Owners of such Outstanding Bonds.

Nothing contained in this Article, however, shall affect or impair the right of any Registered Owner to enforce the payment of the principal of and interest on his Bonds, or the obligation of the Authority to pay the principal of, interest on and premium, if any, on each Bond issued hereunder to the Registered Owners thereof at the time and place expressed in said Bond.

SECTION 9.06. Appointment of Receiver. Upon the happening and continuance of any Event of Default specified in Section 9.01 the Trustee, whether or not the issue of Bonds represented by such Trustee has been declared due and payable, shall be entitled as of right to the appointment of a receiver of any part or parts of the Revenues which are pledged for the security of the Bonds of such issue and, subject to any pledge or agreement with Bondholders, shall take possession of all money and collect and receive all Revenues subject to any pledge thereof or agreement with

Bondholders relating thereto and perform the public duties and carry out the agreements and obligations of the Authority under the direction of the court. In any suit, action or proceeding by the Trustee the fees, counsel fees and expenses of the Trustee and of the receiver, if any, shall constitute taxable disbursements and all costs and disbursements allowed by the court shall be a first charge on any Revenues.

SECTION 9.07. Extension of Maturity of Bonds. In case the maturity of any of the Bonds or the time for payment of any installments of interest shall be extended by mutual agreement between the Authority and the Registered Owner of any such Bonds, such Bonds or claims for interest shall not be entitled in case of any default hereunder to the benefit of this Indenture or to any payment out of any assets of the Trust Estate or the funds (except funds held in trust by the Trustee for the payment of particular Bonds or claims for interest pursuant to this Indenture) held by the Trustee, subject to the prior payment of the principal of all Bonds issued and outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest.

SECTION 9.08. Modifications with Respect to Credit Facilities Pursuant to Supplemental Indentures. If so specified in the Supplemental Indenture relating to a particular series of Bonds, any action that may be taken by and any consent that must be received from the Registered Owners of all or some lesser percentage of the Bonds Outstanding of such series of Bonds under Article X of this Indenture shall instead and in lieu thereof be taken by or received from the Credit Facility Provider of a Credit Facility under which Debt Service Requirements for Bonds of such series of Bonds are payable if and when there does not exist a Credit Facility Default with respect to such Credit Facility. If any such action or consent requires a vote by the Registered Owners of the Bonds of such series of Bonds because there are then Outstanding hereunder Bonds of more than one series of Bonds, the Supplemental Indenture may also specify that the Credit Facility Provider shall have the right to vote hereunder with respect to the action or consent fully as if it were the Registered Owner of all of the Bonds of the series of Bonds unless there shall then exist a Credit Facility Default with respect to the Credit Facility.

SECTION 9.09. Priority of Payments After Default. Notwithstanding any other provisions of this Indenture other than those contained in this Section, in the event that, subsequent to the occurrence of an Event of Default, the funds held by the Trustee shall be insufficient for the payment of interest and principal then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or installments of interest which have theretofore become due at maturity or otherwise) and any other money received or collected by the Trustee, after making provision for the payment of any expenses necessary in its opinion to preserve the continuity of the Revenues or to provide continued Sewer Service or otherwise to protect the interests of the Registered Owners of the Bonds, and for the payment of the charges, expenses (including those of its counsel) and liabilities incurred and advances made by the Trustee in the performance of its duties hereunder, shall be applied as follows:

First: To the payment to the Persons entitled thereto all installments of interest then due on Bonds (with interest on overdue installments of interest then due on such Bonds, to the extent permitted by law, at the rate per annum borne by such Bonds) in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment then to the payment ratably,. According to the amounts due on such installment, to the persons entitled

thereto, without any discrimination or preference, except as to the difference, if any, in the respective rates of interest specified in the Bonds; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due (with interest on such Bonds at their rate from the respective dates upon which they became due) whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment ratably, according to the amounts of principal and interest due on such dates, to the persons entitled thereto, without any discrimination or preference except as to the difference, if any, in the respective rates of interest on the Bonds.

Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be the earliest practicable date it deems suitable and which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

The Trustee may, in its sole discretion, hire one or more consultants experienced in the operation of sewage facilities for the purpose of determining what expenses are necessary to preserve the continuity of the Revenues or to provide for continued Sewer Service. The fees and expenses of any such consultant shall be considered expenses incurred by the Trustee in the performance of its duties for purposes of this Indenture. The Trustee may conclusively rely on any determination made by such consultant.

Notwithstanding anything to the contrary in this Section 9.10, the proceeds of any Credit Facility that are intended to pay the Debt Service Requirements of a particular series of Bonds shall be applied exclusively to the payment of such Debt Service Requirements and for no other purpose. Until the Credit Facility Provider shall have been reimbursed through this Indenture for the payment of such Debt Service Requirements, the Debt Service Requirements shall not be deemed to have been discharged hereunder. Furthermore, in the event that the Credit Facility Provider of any such Credit Facility shall have paid all Debt Service Requirements of the applicable series of Bonds as and when due, such Credit Facility Provider shall be surrogated to the Registered Owners of the Bonds of such series of Bonds with respect to all rights such Registered Owners may have under this Indenture, including without limitation the rights to payment under this Section 9.10.

## ARTICLE X.

### CONCERNING THE TRUSTEE.

SECTION 10.01. Acceptance of Trust and Duties; Abrogation of Right to Appoint Trustee. The Trustee acknowledges receipt of the Service Agreement and accepts and agrees to execute the trust hereby created, but only upon the terms set forth in this Indenture, to all of which the parties hereto and the respective holders of the Bonds agree, and to perform any act required of the Trustee by the Service Agreement for the benefit of the Bondholders. The Trustee shall perform only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The right of the holders of Bonds to appoint a trustee under the Act is hereby abrogated as permitted by the Act.

SECTION 10.02. No Responsibility for Recitals. The recitals, statements and representations contained in the Indenture or in the Bonds, save only the Trustee's authentication upon the Bonds, shall be taken and construed as made by and on the part of the Authority, and not by the Trustee, and the Trustee assumes and shall be under no responsibility or obligation for the correctness of same.

SECTION 10.03. Power to Act Through Agents; Liability Limited. The Trustee may execute any of the trusts or powers hereof and perform the duties required by it, by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or employees selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or under any Supplemental Indenture, nor for anything whatever in connection with the trust, except only its own misconduct or negligence.

SECTION 10.04. Compensation. The Authority shall pay to the Trustee reasonable compensation for all services rendered by it hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee hereunder, all as may be mutually agreed to in writing between the Authority and the Trustee including any liability or loss except as such may result from the Trustee's misconduct or gross negligence. If any Event of Default shall have occurred and be continuing, the Trustee may, upon the failure by the Authority to pay any such compensation, deduct the same from any money coming into its hands (excluding the proceeds of any Credit Facility or the remarketing of any Bonds) and shall be entitled to a preference in payment over any of the Outstanding Bonds hereunder (except from any such excluded proceeds).

SECTION 10.05. Notice of Default; Right to Investigate. The Trustee shall within ninety (90) days after the occurrence thereof give written notice by first class mail to each Registered Owner of Bonds of all Events of Default known to the Trustee to have occurred and be continuing. The Trustee shall not be deemed to have notice of any default under paragraph C, D or E of Section 9.01 unless notified in writing of such default by the Registered Owners of at least 25% in principal amount of the Bonds then Outstanding, which notice shall specifically refer to such event as an "Event of Default". The Trustee may, however, at any time that it has reasonable cause to question the same, require of the Authority full information as to the performance of any covenant hereunder;

and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Authority, an investigation into the affairs of the Authority related to this Indenture and the properties covered thereby.

SECTION 10.06. Obligation to Act on Defaults. If any Event of Default of which the Trustee is deemed to have knowledge according to Section 9.01 hereof shall have occurred and be continuing, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided that, if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

SECTION 10.07. Records. The Trustee will keep proper books of record of all transactions relating to the receipts, disbursements, allocations and applications of all funds accruing to the Trustee hereunder, and such books shall be available for inspection by the Authority or any Bondholder at reasonable hours and under reasonable conditions. Other than its duty to enforce the terms of the Indenture, the Trustee shall have no responsibility for the nonperformance of any covenant or agreement by the Authority under any such instrument, nor any duty to see to the application of insurance or condemnation proceeds or other money received by the Authority with respect to the Facility.

SECTION 10.08. Reliance on Resolutions, Certificates, etc. The Trustee may conclusively rely and act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper Persons or to have been prepared and furnished pursuant to any of the provisions of the Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

SECTION 10.09. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Authority; provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture it shall eliminate the conflict or resign as Trustee.

SECTION 10.10. Advances to Cure Defaults. If the Authority shall fail to perform any of the covenants or agreements contained in this Indenture, the Trustee may, in its uncontrolled discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Authority, but the Trustee shall be under no obligation so to do; and any and all money paid or advanced by the Trustee for any such purpose, together with interest thereon at the rate equal to the Prime Rate plus two percent (2%) per annum, shall be repaid by the Authority immediately upon demand therefor, and until such payment by the Authority shall be a lien in favor of the Trustee upon the Revenues on a parity with the lien of the Bonds; but no such advance shall operate to relieve the Authority from any default hereunder.

SECTION 10.11. Construction of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof; and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Bondholders.

SECTION 10.12. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Chairperson of the Authority not less than sixty (60) days before the date when it is stated to take effect; provided notice of such resignation is given to the Bondholders in the same manner as notice of redemption. Such resignation shall take effect on the day specified therein unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor, and unless no successor has been appointed as of the day specified therein, in which event the resignation shall not take effect until the successor is in fact appointed.

SECTION 10.13. Removal of Trustee. Any Trustee hereunder may be removed at any time upon thirty (30) days' written notice to the Trustee and, with regard to clause (i) hereof, to the Authority by an instrument appointing a successor to the Trustee so removed, executed by either (i) the Registered Owners of a majority in principal amount of the Bonds then Outstanding or (ii) so long as no Event of Default has occurred and is continuing, by an Authorized Representative of the Authority. Such Trustee shall continue to act as Trustee hereunder until the successor is in fact appointed.

SECTION 10.14. Appointment of Successor Trustee. In case at any time the Trustee, or any Trustee hereinafter appointed, shall resign, or shall be removed, or be dissolved, or its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed, (i) so long as no Event of Default has occurred and is continuing, by the Authority by an instrument authorized by resolution of the Governing Board of the Authority and signed by an Authorized Representative of the Authority or (ii) if an Event of Default has occurred and is continuing, by the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Chairperson of the Authority, signed by such Bondholders or by their attorneys in fact duly authorized. Copies of each instrument shall be promptly delivered by the Authority to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Bondholders as herein authorized, the Authority, by an instrument authorized by resolution of its Governing Board, may appoint a Trustee to fill such vacancy. After any appointment by the Authority, it shall deposit written notice of such appointment in the United States mail, first-class, postage prepaid, addressed to each Registered Owner of Bonds at the addresses appearing upon the Bond register. Any new Trustee so appointed by the Authority shall immediately and without further act be superseded by a Trustee appointed by the Bondholders in the manner above provided. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee or any Bondholder may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

SECTION 10.15. Qualification of Successor Trustee. Every successor in the trust appointed in pursuance of the provisions of this Article X shall be any trust company or a state or national bank with trust powers, within or without the State, having capital and paid in surplus of at least \$50,000,000, if there be such a trust company or bank willing and able to accept the trust on reasonable and customary terms.

SECTION 10.16. Instruments of Succession. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Authority an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Authority shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all money at the time held by it hereunder.

SECTION 10.17. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 10.18. Actions by Trustee. All rights of actions under the Indenture and the Service Agreement or under any of the Bonds which may be asserted by the Trustee may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, any recovery of judgment shall, subject to the provisions of Section 9.09 hereof, be for the equal benefit of the holders of the Outstanding Bonds.

SECTION 10.19. No Duty to Effect or Renew Insurance. The Trustee shall be under no duty to effect or to renew any policies of insurance, nor shall the Trustee incur any liability for the failure of the Authority to effect or renew insurance or to report claims thereunder, or be subject to any liability with respect to losses suffered from the investment of any funds on deposit with it under this Indenture, except for the safekeeping of the securities in which said funds are invested and the collection of interest thereon.

## ARTICLE XI.

### EVIDENCE OF RIGHTS OF BONDHOLDERS.

SECTION 11.01. Proof From Registered Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent duly appointed by an instrument in writing. Proof of the execution of any such request, consent or other instrument or writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Article.

SECTION 11.02. Proof of Writing. The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

SECTION 11.03. Proof of Bonds Held. The ownership of Bonds shall be proved by the registration books of such Bonds kept by the Trustee.

Any request, consent, vote, other instrument or action, required by this Indenture of the Registered Owner of any Bond shall bind every future Registered Owner of the same Bond and the Registered Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority pursuant to such request, consent or vote, whether or not notation thereof be made on any Bond issued hereunder.

SECTION 11.04. Presumptions. In determining whether the Registered Owners of the requisite aggregate principal amount of Bonds shall have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Authority or by any person directly or indirectly controlling or controlled by or under common control with the Authority shall be disregarded and deemed not to be Outstanding. For the purposes of determining whether the Trustee shall be protected in relying on such demand, request, direction, consent or waiver, only Bonds which the Trustee actually knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purpose of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the Authority. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.



## ARTICLE XII.

### SUPPLEMENTAL INDENTURES.

SECTION 12.01. Supplemental Indentures Without Bondholders' Consent. The Authority and the Trustee from time to time, and at any time, subject to the conditions and restrictions of this Indenture may enter into indentures supplemental hereto, which indentures thereafter shall form a part hereof, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority under this Indenture or to surrender any right or power herein reserved or conferred upon the Authority and which shall not adversely affect the interests of the Registered Owners of the Bonds;

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained in this Indenture, or in regard to matters or questions arising under this Indenture, or to include provisions relating to the funds and accounts established hereunder or under any Supplemental Indenture, as the Authority and the Trustee may deem necessary or desirable and which shall not adversely affect the interests of the Registered Owners of the Bonds, or for other purposes as the Authority and the Trustee may deem desirable but only if and to the extent that such Supplemental Indenture does not in any manner adversely affect or impair the rights of the Bondholders under this Indenture;

(c) to subject, describe or redescribe any property subjected or to be subjected to the lien of this Indenture;

(d) to provide for the issuance of the 2025 Notes or Additional Indebtedness pursuant to Article III hereof;

(e) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, and if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provision as may be required by said Trust Indenture Act of 1939, as amended, or similar Federal statute; provided, however, that no such modification shall adversely affect or impair the rights of the Bondholders or permit the creation of any lien prior to or on a parity with the lien of the Indenture (except as herein expressly permitted) or deprive the Bondholders of the lien created by the Indenture;

(f) to modify, amend or supplement the Indenture in such manner as may be necessary to obtain or maintain from the Rating Agencies a securities rating on the Bonds or any Additional Bonds; and

(g) to make any other change to this Indenture that affects one or more particular series of Bonds if notice by registered or certified mail, return receipt requested, of such change, including a copy of the proposed Supplemental Indenture, is given to each Holder of a Bond of such series at least thirty (30) days prior to the effective date of the Supplemental Indenture and if each such Holder shall have had at least one opportunity to require the purchase of such Bond pursuant to the terms of the Supplemental Indenture under which the particular Bonds were issued during a period

beginning thirty (30) days after the giving of such notice and ending on the effective date of the Supplemental Indenture.

Any Supplemental Indenture authorized by the provisions of this Section may be executed by the Authority and the Trustee without the consent of the Registered Owners of any of the Bonds at the time Outstanding, but the Trustee shall not be obligated to enter into any such Supplemental Indentures which affect the Trustee's rights, duties or immunities under this Indenture or otherwise.

SECTION 12.02. Supplemental Indentures With Bondholders' Consent. With the consent of the Registered Owners of a majority in aggregate principal amount of Bonds as of the relevant Record Date, the Authority and the Trustee, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions or changing in any manner or eliminating any of the provisions of this Indenture or of any Supplemental Indenture; provided, however, that no such supplemental indenture shall (a) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected or (b) reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such Supplemental Indenture. Upon receipt by the Trustee of certified resolutions authorizing the execution of any such Supplemental Indentures, and upon the filing with the Trustee of evidence of the consent of Bondholders, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture will affect the Trustee's own rights, duties and immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

The Authority shall in its sole discretion select a Record Date in connection with obtaining the consent of Registered Owners to supplemental indentures. Only Registered Owners as of the close of business on said Record Date shall be entitled to consent to any such supplemental indenture. Any such consent shall be irrevocable and binding on all subsequent transferees, whether or not such supplemental indenture has been executed or approved by the requisite number of Registered Owners at the time of any such consent or subsequent transfer. For the purpose of determining consents, any Bond in a denomination other than the minimum Authorized Denomination for that series shall be treated as representing such number of separate Bonds of that series as is obtained by dividing the actual principal amount of such Bond by the minimum Authorized Denomination of that series. The Registered Owner of more than one Bond shall be entitled to consent or disapprove of any supplemental indenture as holder of any Bond independent of the consent or disapproval given as holder of any other Bonds.

It shall not be necessary for the consent of the Bondholders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 12.03. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article XII, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Registered Owners of Bonds Outstanding thereunder shall thereafter be determined, exercised and enforced hereunder, subject

in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 12.04. Opinion of Counsel as to Supplemental Indenture; Reliance on Counsel. Before the Trustee shall enter into any supplemental indenture pursuant to Section 12.01, there shall have been delivered to the Trustee an opinion of Counsel to the Authority, which Counsel shall not be unsatisfactory to the Trustee, to the effect that such supplemental indenture (i) is authorized under this Indenture and complies with the requirements of this Article, (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms, and (iii) will not affect the exclusion from gross income of the interest on any Tax-Exempt Bonds for federal income tax purposes. The Trustee may conclusively rely upon such an opinion of Counsel.

SECTION 12.05. Voting Rights of Credit Facility Provider. As long as the Credit Facility Provider has not failed to comply with its payment obligations under the Credit Agreement, the Credit Facility Provider shall have all rights and privileges of the Holders of the Credit Facility Bonds to exercise rights of approval, consent, discretionary waiver and make all requests on behalf of and in place of such Holders. For purposes of computing applicable percentages of Bondholders under this Resolution, actions taken by such Credit Facility Provider shall be treated as action taken by the Holder of such Credit Facility Bonds.

## ARTICLE XIII.

### DEFEASANCE.

SECTION 13.01. Defeasance. Subject to provisions of a Supplemental Indenture that may modify this Section insofar as it governs the Bonds authorized by such Supplemental Indenture, if the Authority shall pay or cause to be paid, in accordance with the provisions of this Indenture, to the Registered Owners of any Bond, the principal and interest and premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate and any other money and securities hereby pledged and all other rights granted hereby shall be discharged and satisfied with respect to such Bond. In the event the Authority so provides for all Outstanding Bonds issued under this Indenture, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority, all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Notwithstanding the release and discharge of the Lien of this Indenture as provided above, those provisions of this Indenture and any applicable Supplemental Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and purchase provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and the duties of the Trustee, Tender Agent and Remarketing Agent in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee, Tender Agent, Remarketing Agent, the Authority and the Bondholders.

Any Bond for the payment or redemption of which funds shall have been set aside and shall be held in trust by the Trustee (through deposit of funds for such payment or redemption or otherwise) whether at or prior to the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the first sentence of this Section. Subject to provisions of a Supplemental Indenture that may modify this Section insofar as it governs the Bonds authorized by such Supplemental Indenture, any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the first sentence of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided herein, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or noncallable Investment Securities of the type listed in subparagraphs (a), (b), or (n) of the definition of Investment Securities, the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) if said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days and such Bonds are to be redeemed the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice to the Registered Owners of such Bonds that the deposit required by (ii) above has been made in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment

of the principal and premium, if applicable, on said Bonds. Neither Investment Securities or money deposited with the Trustee pursuant to this Section, nor principal or interest payable on any such Investment Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or premium, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, at the written direction of the Authority and to the extent practicable, be reinvested in Investment Securities of the type hereinbefore described in this paragraph maturing at times and in amounts sufficient, together with other money available for the purpose, to pay when due the principal, premium, if applicable, and interest to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge, provided, further that any Investment Securities may be sold, transferred, redeemed or otherwise disposed of, and the proceeds thereof applied to the purchase of other Investment Securities of the type permitted for this purpose, the principal of and interest on which, when due, together with money and other Investment Securities then held by the Trustee for such purpose shall be sufficient to pay when due the principal, premium, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be.

Anything in the Indenture to the contrary notwithstanding and except as the escheat laws of the State may otherwise provide, any money held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for four years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee at such date, or for four years after the date of deposit of such money if deposited with the Trustee after the said date when all of the Bonds become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority, as its or their absolute property and free from trust, and the Trustee shall thereupon be released and discharged; provided, however, that before being required to make any such payment, the Trustee shall, at the expense of the Authority, cause to be published once in an Authorized Newspaper, notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than ten (10) nor more than twenty (20) days after the date of first publication of such notice, the balance of such money then unclaimed will be returned to the Authority as provided above.

SECTION 13.02. Surplus Funds. In addition to payments authorized to be made to the Authority pursuant to Section 13.01, any surplus money held by the Trustee after all obligations arising under the Bonds and this Indenture have been paid shall be transferred to the Authority.

## ARTICLE XIV.

### MISCELLANEOUS PROVISIONS.

SECTION 14.01. Benefit of Covenants. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Authority shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

SECTION 14.02. No Further Beneficiaries. Nothing expressed or implied in this Indenture or in the Bonds is intended or shall be construed to give to any person other than the parties hereto and the Registered Owners of the Bonds issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenants, conditions or provisions therein or herein contained.

SECTION 14.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise shall be required, the giving of such notice may be waived in writing by all Persons entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 14.04. Severability. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture or the Bonds, but this Indenture or the Bonds shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 14.05. Substitute Notice. If for any reason it shall be impossible to make publication of any notice required hereby in an Authorized Newspaper, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 14.06. Notices. Except as otherwise provided herein, all notices, demands, requests, consents, certificates, directions, elections and waivers pursuant to any provision of this Indenture shall be in writing and sent by United States registered or certified mail, return receipt requested, postage prepaid, or alternatively, by hand delivery, addressed to the Authority as follows:

Dutchess County Water and Wastewater Authority  
1 LaGrange Avenue  
Poughkeepsie, New York 12603  
Attention: Executive Director

and to the Trustee as follows:

Manufacturers and Traders Trust Company  
  
One Fountain Plaza, Buffalo, New York 14203  
Attention: Vice President

or to such other address as the party to receive the communication may hereafter designate by written notice to all other Persons listed above. Copies of all notices shall be sent to the Trustee at its address above. All notices shall be deemed to have been given hereunder on the day following mailing thereof in accordance with the requirements of this Section, except for telephonic notice pursuant to specific provisions hereof authorizing such notice or notice by hand delivery, which shall be deemed given immediately.

SECTION 14.07. Successors and Assigns. All the covenants, promises and agreements contained in this Indenture by or on behalf of the Authority; or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 14.08. Headings for Convenience Only. The descriptive headings herein are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 14.09. Counterparts. This Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 14.10. Payments on Weekends, Holiday. Whenever the date fixed for the payment of the principal or redemption price of or the interest on any Bonds falls on any date that is not a Business Day, then the payment of principal, redemption price or interest need not be made on such date, but may be made on the next-succeeding regular Business Day with the same force and effect as if made on the date fixed, and no interest shall accrue on such payment to the date payment is made.

SECTION 14.11. No Personal Liability. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Bond hereby secured, or under any judgment obtained against the Authority or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, under or independent of this Indenture, shall be had against any member, officer or employee, as such, past, present or future, of the Authority for the payment for or to the Authority or any receiver thereof, or for or to the Registered Owners of any Bonds issued hereunder or otherwise, of any sum that may be due and unpaid by the Authority upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member, officer or employee of the Authority as such, to

respond by reason of any act or omission on his part or otherwise, for the payment for or to the Registered Owner of any Bond issued thereunder or otherwise, of any sum that may remain due and unpaid upon the Bonds and hereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bond.

SECTION 14.12. No Indebtedness Created. Neither the State, the County of Dutchess, New York nor any other municipality or public corporation shall be liable for the payment of the principal of or interest on any of the Bonds issued hereunder, or for the performance of any pledge, mortgage, obligation or agreement or indebtedness of the Authority, except as specifically provided herein, and none of the Bonds of the Authority issued hereunder shall be construed to constitute an indebtedness of the State, the County of Dutchess, New York or any other municipality or public corporation.

SECTION 14.13. Governing Law. This Indenture shall be governed exclusively by the provisions hereof and by the applicable laws of the State without reference to conflict of law provisions.

SECTION 14.14. Consents. Whenever the consent of any Person is required pursuant to the terms of this Indenture, the same shall not be unreasonably withheld.

SECTION 14.15. Construction of Delivery by Trustee or Tender Agent. Any reference herein to delivery of Bonds by the Trustee or the Tender Agent shall be understood to mean only that the Trustee or the Tender Agent, as the case may be, shall make the Bond or Bonds available for pick-up during normal business hours at its principal corporate trust office in New York, New York.

SECTION 14.16. Action by Authority or Credit Facility Provider. Except as otherwise expressly stated herein, any action to be taken hereunder or under any Supplemental Indenture by the Authority or Credit Facility Provider may be taken by an Authorized Representative thereof.

SECTION 14.17. Agreement of the State. There is hereby incorporated in this Indenture by this reference, fully as if set forth herein at length, the agreement of the State with the Registered Owners of the Bonds set forth in Section 1133 of the Act.



IN WITNESS WHEREOF, DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY has caused this Indenture to be executed by its Chairperson and its corporate seal to be hereunto affixed, attested by its Secretary, and Manufacturers and Traders Trust Company has caused this Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

(AUTHORITY SEAL)

DUTCHESS COUNTY WATER AND  
WASTEWATER AUTHORITY

Attest: \_\_\_\_\_

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_

\_\_\_\_\_  
Chairperson

MANUFACTURERS AND TRADERS  
TRUST COMPANY, as Trustee

By: \_\_\_\_\_

\_\_\_\_\_  
Vice President

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**



Orrick, Herrington & Sutcliffe LLP  
51 West 52nd Street  
New York, NY 10019-6142

+1 212 506 5000

[orrick.com](http://orrick.com)

[FORM OF LEGAL OPINION]

October 29, 2025

Dutchess County Water and Wastewater Authority,  
State of New York

DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY, NEW YORK  
\$730,000 SERVICE AGREEMENT REVENUE NOTES, SERIES 2025B  
(DALTON FARMS SEWER SYSTEM)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Dutchess County Water and Wastewater Authority, New York (the "Authority"), of \$730,000 aggregate principal amount of Service Agreement Revenue Notes, Series 2025B (Dalton Farms Sewer System) (the "Notes"), dated the date of delivery, issued pursuant to a Trust Indenture dated as of October 15, 2025 (the "Master Indenture") by and between the Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee") and the Authority's Supplemental Indenture dated as of October 15, 2025 (the "Supplemental Indenture") by and between the Authority and the Trustee.

In such connection, we have reviewed the Master Indenture, the Supplemental Indenture, the Constitution and statutes of the State of New York, the Tax Certificate of the Authority dated the date hereof (the "Tax Certificate"), a certified copy of proceedings of the finance board of the Authority and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority.

We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Master Indenture, the Supplemental Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Master Indenture, the Supplemental Indenture, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise

of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal entities such as the Authority in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue or waiver provisions contained in the documents described in the second paragraph hereof. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the offering materials relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding limited obligations of the Authority.
2. The Master Indenture and Supplemental Indenture have been duly executed and delivered, and constitutes valid and binding agreements of the Authority.
3. The Master Indenture and the Supplemental Indenture create a valid pledge to secure the payment of the principal of and interest on the Notes, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Master Indenture, except the Rebate Fund, subject to the provisions of the Master Indenture and Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.
4. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Very truly yours,