

TRUST AGREEMENT

by and between

HAMPTON ROADS SANITATION DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

Dated as of October 1, 2011,  
as amended and restated as of March 1, 2016,  
as further amended and restated as of July 1, 2024

Securing

Senior Obligations

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**THIS TRUST AGREEMENT**, dated for convenience of reference as of July 1, 2024, and effective on July 16, 2024 (the “Effective Date”), by and between

**HAMPTON ROADS SANITATION DISTRICT,**

a political subdivision of the Commonwealth of Virginia, by Hampton Roads Sanitation District Commission, the Commission of said District, and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

a national banking association duly incorporated and validly existing under the laws of the United States of America, which is authorized under such laws to exercise trust powers and is subject to examination by federal authority (said banking association and any bank or trust company becoming successor Trustee under this Trust Agreement being hereinafter sometimes called the “Trustee”),

**WITNESSETH:**

**WHEREAS**, the Hampton Roads Sanitation District (the “District”) was duly created under and pursuant to Chapter 407 of the Acts of Assembly of Virginia of 1940, and the Hampton Roads Sanitation District Commission (the “Commission”), created by said Chapter 407, is the Commission of the District; and

**WHEREAS**, by virtue of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (said Chapter 66 as so amended being hereinafter sometimes called the “Enabling Act”), the Commission is authorized and empowered, among other things:

(a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District,

(b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Enabling Act and pledged for their payment, for the purpose of refunding the outstanding bonds, including the payment of any redemption premium thereon, paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission, and

(c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system; and

**WHEREAS**, as provided by the Enabling Act, the District was constituted a political subdivision of the Commonwealth of Virginia and established as a governmental instrumentality to provide for the public health and welfare; and

**WHEREAS**, the District has previously executed and delivered a Master Trust Indenture, dated as of December 1, 1993, as amended and restated March 1, 2008 (as supplemented and as further amended and supplemented from time to time, the “Defeased Trust Agreement”), between the District and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (in such capacity, the “Prior Trustee”), pursuant to which District issued and incurred senior obligations, as defined therein (the “Prior Senior Obligations”); and

**WHEREAS**, the Defeased Trust Agreement has been defeased and discharged, and no Prior Senior Obligations remain outstanding thereunder; and

**WHEREAS**, the District executed and delivered a Trust Agreement, dated as of October 1, 2011 (the “Original Trust Agreement”), between the District and The Bank of New York Mellon Trust Company, N.A., as Trustee (in such capacity, the “Trustee”) to provide for the issuance of Bonds (as defined therein) payable solely from the Net Revenues Available for Debt Service (as defined therein) derived by the District from its Wastewater System and the money attributable to proceeds of the Bonds and the income from the investment thereof; and

**WHEREAS**, the District, with the consent of the Holders and in accordance with Section 1102 of the Original Trust Agreement, amended and restated the Original Trust Agreement as of March 1, 2016 (as so amended and restated and as further amended and supplemented prior to the Effective Date, the “Prior Trust Agreement”); and

**WHEREAS**, under the Prior Trust Agreement, the Bonds issued thereunder were subordinate and junior in right of payment to all senior obligations issued under the Defeased Trust Agreement; and

**WHEREAS**, the Commission has determined, in accordance with Section 1101 of the Prior Trust Agreement, to further amend and restate the Prior Trust Agreement to reflect the defeasance and discharge of the Defeased Trust Agreement and to make other amendments to the Prior Trust Agreement permitted by Section 1101 of the Prior Trust Agreement, by executing and delivering this Trust Agreement; and

**WHEREAS**, the Commission has determined that none of the changes, modifications and amendments to the Prior Trust Agreement made by the execution and delivery of this Trust Agreement materially and adversely affect the rights of the holders of any Bonds or other Senior Obligations (each as defined herein) that are outstanding on the Effective Date of this Trust Agreement; and

**WHEREAS**, the Commission has determined that the Bonds and the certificate of authentication to be endorsed by the Bond Registrar on all Bonds as provided herein shall be, respectively, substantially in the form to be set forth in the applicable Series Agreement authorizing the issuance of such Bonds; and

**WHEREAS**, under the Constitution and laws of the Commonwealth of Virginia, including the Enabling Act, the District is authorized to enter into this Trust Agreement, to issue the Bonds as hereinafter provided for the purposes hereinbefore stated, and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia, including the Enabling Act, to happen, exist and be performed precedent to and in the execution and delivery of this Trust Agreement have happened, exist and have been performed as so required to make this Trust Agreement, as amended and restated (the "Trust Agreement"), a valid and binding trust agreement securing the Bonds in accordance with its terms; and

**WHEREAS**, the Trustee has accepted the trusts created by this Trust Agreement and in evidence thereof and in approval of the amendment and restatement of the Prior Trust Agreement, has joined in the execution hereof;

**NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH:** that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of Senior Obligations by the Holders (both as hereinafter defined) thereof, and also for and in consideration of the sum of One Dollar in hand paid by the Trustee at or before the execution and delivery of this Trust Agreement, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and for the purpose of (a) fixing and declaring the terms and conditions upon which are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and (b) securing the payment of all Senior Obligations at any time issued and Outstanding under this Trust Agreement and the interest thereon according to their tenor, purport and effect, and (c) securing the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Commission has executed and delivered this Trust Agreement in the name of and on behalf of the District, and by this Trust Agreement has given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over and pledged, and does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over and pledge unto the Trustee, and its successor or successors in trust, all money and securities held by the Trustee in the Bond Fund and in the Debt Service Reserve Fund (both as hereinafter defined) and, until applied in payment of any item of the Issuance Costs (as hereinafter defined) or Capital Improvement Program Costs (as hereinafter defined) in accordance with Section 403 hereof, all money and securities in the Issuance Fund (as hereinafter defined) and the Construction Fund (as hereinafter defined).

**TO HAVE AND TO HOLD** all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successor or successors in trust and to them and their assigns forever, subject to the exceptions, reservations and matters herein recited.

**IN TRUST, NEVERTHELESS**, upon the terms and trusts herein set forth, for the benefit, security and protection of all and singular the present and future Holders of the Senior Obligations issued or to be issued under and secured by this Trust Agreement, without preference, priority or



distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond by reason of priority in their issue, sale or otherwise, all as herein provided;

provided, however, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment of, pursuant to the provisions of this Trust Agreement, the principal of Senior Obligations and the interest due or to become due thereon, at the times and in the manner mentioned in the Senior Obligations and this Trust Agreement, according to the true intent and meaning thereof and hereof, and shall cause the payments to be made into the Bond Fund as required under this Trust Agreement, and 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 performance and payments this Trust Agreement and the rights hereby granted shall cease, determine and be void, as provided in Article XII hereof; otherwise this Trust Agreement to be and remain in full force and effect.

**THIS TRUST AGREEMENT FURTHER WITNESSETH** and it is expressly declared that all Senior Obligations issued and secured hereunder are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Holders, from time to time, of Senior Obligations, or any part thereof, as follows:

(End of preamble, granting, habendum and witnessing clauses)

## ARTICLE I.

### DEFINITIONS

**Section 101. Meaning of Words and Terms.** In addition to words and terms elsewhere defined in this Trust Agreement, the following words and terms as used in this Trust Agreement shall have the following meanings, unless some other meaning is plainly intended:

**“Accreted Amount”** means with respect to Capital Appreciation Bonds, the amount set forth in the Series Agreement authorizing the issuance of such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Capital Appreciation Bonds.

**“Additional Bonds”** means Bonds, if any, issued by the District, after the Effective Date, under Section 209 of this Trust Agreement, including Additional Bonds issued in exchange for other such Additional Bonds pursuant to Section 205 of this Trust Agreement or in replacement for mutilated, destroyed, stolen or lost Additional Bonds pursuant to Section 211 of this Trust Agreement.

**“Audited Financial Statements”** means the annual financial statements of the District as audited and reported on by a firm of independent public accountants, for a twelve-month period constituting a Fiscal Year or other period indicated, prepared in accordance with generally accepted accounting principles.

**“Balloon Long-Term Indebtedness”** means Long-Term Indebtedness 25% or more of the principal payments of which is due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

**“Bond Fund”** means the Hampton Roads Sanitation District (Virginia) Bond Fund created and so designated by Section 501 of this Trust Agreement.

**“Bond Registrar”** means the Bond Registrar at the time serving as such under this Trust Agreement whether the original or a successor bond registrar.

**“Bonds”** means the Initial Bonds and any Additional Bonds issued under Section 209 of this Trust Agreement, including Bonds issued in exchange for other such Bonds pursuant to Section 205 of this Trust Agreement or in replacement for mutilated, destroyed, stolen or lost Bonds pursuant to Section 211 of this Trust Agreement.

**“Business Day”** means any day on which banks located in the city in which the designated Corporate Trust Office of the Trustee is located and in New York, New York, are open for commercial banking purposes.

**“Capital Appreciation Bonds”** means Bonds the interest on which is compounded at the rates and on the dates set forth in the Series Agreement authorizing the issuance of such Bonds and is payable upon redemption or on the maturity date of such Bonds.

Nothing in this Trust Agreement shall prohibit the District from designating in such Series Agreement any such Bonds by a name other than Capital Appreciation Bonds.

**“Capital Improvement Program Costs”** means and includes all items of cost that may be paid from the proceeds of Indebtedness of the District and includes the items referred to in Section 402 of this Trust Agreement.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Coincidental Maximum Annual Debt Service”** means the highest amount of debt service due and payable on the Senior Obligations in the then current or any succeeding Fiscal Year determined by reference to the Principal and Interest Requirements, as defined herein.

**“Commission”** means the Hampton Roads Sanitation District Commission, which is the governing body of the District.

**“Commonwealth”** means the Commonwealth of Virginia.

**“Construction Fund”** means the Hampton Roads Sanitation District (Virginia) Construction Fund created and so designated by Section 402 of this Trust Agreement.

**“Contracted Services”** means services rendered or facilities provided to the District for the performance for or on behalf of the District of functions similar to those performed by the District from a specific project, projects or systems, pursuant to a contract, whether a financing lease, a service agreement or another arrangement.

**“Corporate Trust Office”** means an office designated by the Trustee at which its corporate trust business is conducted, which at the date hereof is located at 500 Ross Street, 12<sup>th</sup> Floor, Pittsburgh, Pennsylvania 15262, Attention: Corporate Trust Department.

**“Credit Facility”** means a line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility, including self-liquidity provided by the District, established to provide credit or liquidity support for Indebtedness.

**“Cross-over Date”** means, with respect to Cross-over Refunding Indebtedness, the date on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or redeemed from the proceeds of such Cross-over Refunding Indebtedness.

**“Cross-over Refunded Indebtedness”** means Indebtedness refunded by Cross-over Refunding Indebtedness.

**“Cross-over Refunding Indebtedness”** means Indebtedness issued for the purpose of refunding other Indebtedness if the proceeds of such refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable redemption date or maturity date of the refunded Indebtedness, and the earnings on such escrow deposit (i) are required to be applied to pay interest on such refunding Indebtedness until the

Cross-over Date and (ii) shall not be used directly or indirectly to pay interest on the refunded Indebtedness.

**“Current Interest Bonds”** means Bonds the interest on which is payable on the Interest Payment Dates provided therefor in the Series Agreement authorizing the issuance of such Bonds.

**“Debt Service Component of Contracted Services”** means that part of the payment for Contracted Services for which the District is obligated to pay that the chief financial officer of the District shall have determined in writing in an Officer’s Certificate at the time the District commits to receive such Contracted Services to be for the purpose of paying a fixed charge or the principal of and interest on obligations, directly or indirectly associated with rendering the Contracted Services, of the person providing the Contracted Services.

**“Debt Service Reserve Fund”** means the Hampton Roads Sanitation District (Virginia) Debt Service Reserve Fund created and so designated by Section 501 of this Trust Agreement.

**“Debt Service Reserve Fund Requirement”** means (i) on the Effective Date, zero (0) and (ii) if, and to the extent, the District in its sole discretion determines to fund the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement specified in a Series Agreement.

**“Defaulted Interest”** means Defaulted Interest as defined in Section 203 of this Trust Agreement.

**“Defeasance Obligations”** means, except as otherwise provided in a Series Agreement, noncallable (i) Government Obligations, (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and commonly known as “interest strips” of the Resolution Funding Corporation, (iv) Defeased Municipal Obligations, and (v) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian.

**“Defeased Municipal Obligations”** means, except as otherwise provided in a Series Agreement, obligations of state or local government municipal bond issuers which are rated at the time of acquisition the highest rating by at least two of the three Rating Agencies, meeting the following conditions:

(i) (A) such obligations are not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their call for redemption, and (B) the

issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations that may be applied only to interest, principal, and premium payments on such obligations;

(iii) the principal of and interest on such Government Obligations (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

**“Derivative Agreement”** means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, rate or other financial risk; and (v) any other type of contract or arrangement that the District determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another or to protect against any type of financial risk or uncertainty.

**“Derivative Agreement Counterparty”** means, with respect to a Derivative Agreement, the Person that is identified in such agreement as the counterparty to, or contracting party with, the District.

**“Derivative Indebtedness”** means all or any portion of Indebtedness of the District which bears interest at either:

(a) a variable rate for any period of time meeting the requirements set forth in clauses (a)(i) and (a)(ii) below:

(i) the District shall have issued or entered into a Derivative Agreement in respect of all or such portion of such Indebtedness, and

(ii) such Derivative Agreement provides that, during the period that such Indebtedness bears interest at a variable rate, the District will pay a fixed rate and the provider of the Derivative Agreement will pay a variable rate, then in such case such Indebtedness, taken together with the Derivative Agreement, shall be deemed to result in a net fixed rate payable by the District for such period of time (the “Hedged Fixed Rate”), for so long as the District and the party(ies) with whom

the District has entered into the Derivative Agreement shall make all payments required to be made by the terms of the Derivative Agreement, or

(b) a fixed rate for any period of time meeting the requirements set forth in clauses (b)(i) and (b)(ii) below:

(i) the District shall have issued or entered into a Derivative Agreement in respect of all or such portion of such Indebtedness, and

(ii) such Derivative Agreement provides that during the period that such Indebtedness bears interest at a fixed rate the District will pay a variable rate and the provider of the Derivative Agreement will pay a fixed rate, then such Indebtedness, taken together with the Derivative Agreement, shall be deemed to result in a net variable rate payable by the District for such period of time (the “Hedged Variable Rate”), assuming the District and the party(ies) with whom the District has entered into the Derivative Agreement make all payments required to be made by the terms of the Derivative Agreement.

“**District**” means the Hampton Roads Sanitation District, a political subdivision of the Commonwealth of Virginia.

“**District Representative**” means each of the persons at the time designated to act on behalf of the District in a written certificate furnished to the Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Commission by its Chair or Vice Chair or the General Manager/Chief Executive Officer of the District.

“**Effective Date**” means the date on which this Trust Agreement is executed and delivered in accordance with Section 208 hereof (July 16, 2024).

“**Enabling Act**” means Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended.

“**Event of Default**” means any one or more of those events set forth in Section 801 of this Trust Agreement.

“**Financial Statements**” means the unaudited financial statements of the District for the Fiscal Year or other period indicated, pro forma or otherwise, and containing the same financial information as the Audited Financial Statements.

“**Fiscal Year**” means the twelve-month period beginning on July 1 of one calendar year and ending on June 30 of the following calendar year or such other twelve-month period designated by the Commission.

“**Fitch**” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities

rating agency, “Fitch” shall be deemed to refer to any other nationally recognized statistical rating organization designated by the District by notice to the Trustee.

**“Government Obligations”** means direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

**“Hedged Fixed Rate”** means Hedged Fixed Rate as defined in the definition of Derivative Indebtedness.

**“Hedged Variable Rate”** means Hedged Variable Rate as defined in the definition of Derivative Indebtedness.

**“Holder”** means an owner of any Senior Obligation issued in other than bearer form.

**“Indebtedness”** means (i) all indebtedness of the District for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations incurred or assumed by the District, and (iii) the Debt Service Component of Contracted Services.

**“Independent Consultant”** means a firm or firms which are not, and no member, stockholder, director, officer, trustee or employee of which is, an officer, director, trustee or employee of the District, and which is a professional management or engineering consultant of national repute for having the skill and experience necessary to render the particular report required by the provision hereof in which such requirement appears.

**“Independent Insurance Consultant”** means a firm or person selected by the District, who is not an officer, director, trustee or employee of the District, and which or who is qualified to survey risks and to recommend insurance coverage for wastewater treatment systems and organizations engaged in such operations and is selected by the District.

**“Initial Bonds”** means the Bonds issued pursuant to the Prior Trust Agreement prior to the Effective Date of this Trust Agreement and outstanding on the Effective Date, as described in Exhibit B hereto.

**“Interest Payment Date”** means each date described as such in a Series Agreement.

**“Interest Requirements”** for any Fiscal Year means the amount that is required to pay interest on all Outstanding Senior Obligations.

**“Investment Obligations”** means any and all investment obligations authorized by (A) the Investment of Public Funds Act, being Section 2.2-4500 et seq., Code of Virginia, 1950, as amended, (B) the Government Non-Arbitrage Investment Act, being Section 2.2-4700 et seq., Code of Virginia, 1950, as amended, and (C) successor statutes to those described in (A) and (B) above, as the same shall be from time to time amended.

**“Issuance Costs”** has the meaning given to such term in Section 401(c).

**“Issuance Fund”** means the Hampton Roads Sanitation District (Virginia) Issuance Fund created and so designated by Section 401 of this Trust Agreement.

**“Lien”** means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of the District that secures any Indebtedness or any other obligation of the District.

**“Long-Term Debt Service Coverage Ratio”** means, for any period of time, the ratio determined by dividing the Net Revenues by the Coincidental Maximum Annual Debt Service.

**“Long-Term Debt Service Requirement”** means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness during such period, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness that is not amortized by the terms thereof (a) the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of the lesser of thirty (30) years and the number of years until final maturity of such Indebtedness on a level debt service basis, at an interest rate equal to the market rate for a fixed rate obligation, set forth in an opinion, delivered to the District and the Trustee, of a banking institution, an investment banking institution or an independent registered municipal advisor, selected by the District and knowledgeable in municipal finance, as the interest rate at which the District could reasonably expect to borrow the same by incurring Indebtedness with the same term as assumed above; provided, however, that if the date of calculation is within twelve (12) calendar months of the actual final maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation or (b) principal payments or deposits with respect to Indebtedness secured by an irrevocable letter of credit issued by, or an irrevocable line of credit with, a bank or other financial institution, provided such credit arrangement is rated in one of the three highest rating categories by at least two of the Rating Agencies or rated in the highest short-term rating category by at least two of the Rating Agencies, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the District, be treated as if such principal payments or deposits were due as specified in any credit agreement issued in connection with such letter of credit, line of credit or insurance policy or pursuant to the repayment provisions of such letter of credit, line of credit or insurance policy, and interest on such Indebtedness after such Fiscal Year shall be assumed to be payable pursuant to the terms of such credit agreement or repayment provisions;

(ii) with respect to Long-Term Indebtedness that is Variable Rate (but not Hedged Fixed Rate) Indebtedness, the interest on such Indebtedness shall be calculated at 120% of the rate which is equal to the average of the actual interest



rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness the interest rate for such Indebtedness for the initial interest rate period shall be 120% of the average of the SIFMA Swap Index for last 12 whole months for which such Index is available and thereafter shall be calculated as set forth above;

(iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Long-Term Debt Service Requirement and (b) to the extent such Credit Facility has been drawn upon, the payment provisions of such Credit Facility with respect to repayment of principal and interest thereon shall be included in the Long-Term Debt Service Requirement;

(iv) with respect to Derivative Indebtedness, (i) for any historical computation, the interest on such Indebtedness shall be calculated by adding (A) the amount of interest payable by the District on such Derivative Indebtedness pursuant to its terms and (B) the amount of regularly scheduled payments made by the District pursuant to the Derivative Agreement and subtracting (C) the amount of regularly scheduled payments made by the Derivative Agreement Counterparty pursuant to the Derivative Agreement; (ii) for any historical pro forma or forecasted computation, if the Derivative Agreement Counterparty has a long-term credit rating of at least "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) assigned to it by at least one Rating Agency then rating the Indebtedness and does not have a long-term rating of less than "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) from any Rating Agency then rating the Indebtedness and has not defaulted on its payment obligations thereunder as of the date of computation, the interest on such Derivative Indebtedness shall be calculated at the Hedged Fixed Rate or the Hedged Variable Rate, as the case may be; and (iii) in all other instances, the amount of interest payable by the District on such Derivative Indebtedness shall be calculated as if such Derivative Agreement had not been executed; and

(v) in the case of Indebtedness having the benefit of a Credit Facility that provides for a term loan facility that requires the payment of the principal in one (1) year or more, the Indebtedness shall be considered Balloon Long-Term Indebtedness and shall be assumed to have the maturity schedule provided in clause (i)(a) of this definition;

provided, however, that (i) interest shall be excluded from the determination of Long-Term Debt Service Requirement to the extent the same is provided from the proceeds of the Long-Term Indebtedness, (ii) the aggregate of the payments to be made with respect to principal and interest on Outstanding Long-Term Indebtedness shall not include principal and interest payable from Qualified Escrow Funds, and (iii) principal shall be excluded from the determination of Long-Term Debt Service Requirement on Short-Term

Indebtedness issued under the provisions of Section 704(c) and secured by a Credit Facility.

**“Long-Term Indebtedness”** means all obligations having a maturity of a term longer than one year for borrowed money incurred or assumed by the District, including (a) Short-Term Indebtedness if secured by a Credit Facility containing a commitment to provide financing to retire such Short-Term Indebtedness and such commitment provides for the repayment of principal on terms that would, if such commitment were implemented, constitute Long-Term Indebtedness, and (b) the current portion of Long-Term Indebtedness, for any of the following:

(1) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(2) leases that are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year;

(3) installment sale or conditional sale contracts having an original term in excess of one year; and

(4) the Debt Service Component of Contracted Services in connection with Contracted Services rendered or provided pursuant to a contract having an original term of more than one year.

**“Moody’s”** means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized statistical rating organization designated by the District by notice to the Trustee.

**“Net Book Value”** when used in connection with Property, Plant and Equipment or other Property, means the value of such property, net of accumulated depreciation, as recognized by the District in conformity with generally accepted accounting principles.

**“Net Revenues”** means all revenues received by the District from its Wastewater System less Operating Expenses, provided, that Net Revenues shall not include any Transition Charge.

**“Officer’s Certificate”** means a certificate signed by a District Representative.

Each Officer’s Certificate presented pursuant to this Trust Agreement shall state that it is being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, this Trust Agreement. Each Officer’s Certificate shall state (i) that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer’s Certificate is delivered or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance and (ii) that it

is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

**“Operating Expenses”** means those current expenses paid by the District that may be required to pay the cost of maintaining, repairing and operating the Wastewater System, including, but not limited to, reasonable and necessary usual expenses of administration, operation, maintenance and repair, costs for billing and collecting the rates, fees and other charges for the use of or the services furnished by the Wastewater System, insurance premiums, credit enhancement and liquidity support fees, legal, engineering, auditing and financial advisory expenses, expenses and compensation of the Trustee, and deposits into a self-insurance program. Operating Expenses shall exclude allowance for depreciation and amortization and expenditures for extraordinary maintenance or repair or improvements. Operating Expenses shall also exclude expenses for improvements that will not be owned by the District but which will, in the reasonable determination of the Commission, as evidenced by a resolution thereof, maintain or improve the integrity of the Wastewater System.

**“Opinion of Bond Counsel”** means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

**“Opinion of Counsel”** means an opinion in writing signed by an attorney or firm of attorneys who may be counsel for the District or other counsel selected by the District.

**“Outstanding,”** when used with reference to Bonds or other Senior Obligations, means, as of a particular date, all Bonds and other Senior Obligations theretofore issued under this Trust Agreement, except:

(1) Bonds and other Senior Obligations theretofore cancelled by the Bond Registrar or delivered to the Bond Registrar for cancellation;

(2) Bonds and other Senior Obligations for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds and other Senior Obligations are to be paid, the principal amount of, and the interest accruing to such date on, the Bonds or other Senior Obligations to be paid, has been deposited with the Trustee or the Bond Registrar in trust for the Holders of such Bonds or other Senior Obligations; Defeasance Obligations shall be deemed to be sufficient to pay Bonds or other Senior Obligations on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal of, and the interest accruing on, such Bonds or other Senior Obligations to such date;

(3) Bonds and other Senior Obligations in exchange for or in lieu of which other Bonds or other Senior Obligations have been issued; and

(4) Bonds and other Senior Obligations deemed to have been paid in accordance with Section 1201 of this Trust Agreement;

provided, however, that Bonds and other Senior Obligations owned or held by or for the account of the District or any affiliate or any subsidiary or controlled affiliate of the District shall not be deemed Outstanding Bonds or Outstanding Senior Obligations for the purpose of any consent or other action or any calculation of Outstanding Bonds or Outstanding Senior Obligations provided for in Article VIII, Article XI and Article XII of this Trust Agreement, and neither the District nor any affiliate, subsidiary or controlled affiliate of the District as registered owners of such Bonds or other Senior Obligations shall be entitled to consent or take any other action provided for in Article VIII, Article XI and Article XII of this Trust Agreement. Notwithstanding the foregoing, Bonds or other Senior Obligations owned or held for the account of the District or an or any affiliate or any subsidiary or controlled affiliate of the District shall not be deemed to be paid unless the District delivers, or causes such Bonds or other Senior Obligations to be delivered, to the Trustee with the express written instructions of a District Representative directing the Trustee to cancel such Bonds or other Senior Obligations pursuant to Section 506(b) hereof.

**“Permitted Liens”** shall have the meaning given in Section 710 hereof.

**“Predecessor Bonds”** of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 211 of this Trust Agreement in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

**“[P]rincipal”** means (a) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default, in which case “principal” means the initial public offering price of a Capital Appreciation Bond and the difference between the Accreted Amount and the initial public offering price shall be deemed to be interest and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity or in satisfaction of a sinking fund requirement, if applicable.

**“Principal and Interest Requirements”** for any Fiscal Year means the sum of the Principal Requirements and Interest Requirements for such Fiscal Year.

**“Principal Payment Date”** means each date described as such in a Series Agreement.

**“Principal Requirements”** for any Fiscal Year means the amount required to pay the principal of all Outstanding Senior Obligations coming due in such Fiscal Year.

**“Property”** means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

**“Property, Plant and Equipment”** means all Property of the District which is property, plant and equipment under generally accepted accounting principles.

**“Qualified Escrow Funds”** means amounts deposited in a segregated escrow fund, or other similar fund or account, in connection with the issuance of Indebtedness which fund is required by the documents establishing such fund to be applied toward the District’s payment obligations with respect to principal, premium, if any, or interest on (a) the Indebtedness secured thereby which is issued under the documents establishing such fund or (b) Indebtedness secured thereby which was issued prior to the establishment of such fund.

**“Qualified Reserve Fund Substitute”** means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated in one of the two highest rating categories by at least two of the Rating Agencies that shall rate such obligations, or (ii) a policy of reserve fund insurance naming the Trustee as beneficiary, issued by an insurance company or financial institution whose claims paying ability is rated in one of the two highest rating categories by at least two of the Rating Agencies that shall rate such obligations, in either case (A) in an amount not less than the Debt Service Reserve Fund Requirement, (B) the terms of which allow the Trustee to make the draws required by Section 504 of this Trust Agreement and (C) that provides that the issuer of which shall not have been given a lien on any portion of the property of the District unless such lien also secures the Bonds on a parity basis.

**“Rate Covenant”** means the rate covenant of the District set out in Section 705(a) of this Trust Agreement.

**“Rating Agency”** or **“Rating Agencies”** means one or more of Fitch, Moody’s or S&P for so long as it is a nationally recognized statistical rating organization and any new, nationally recognized statistical rating organization.

**“Regular Record Date”** means, for any Series of Bonds or Senior Obligations, the record date or dates established for the Bonds or Senior Obligations of such series in a Series Agreement.

**“Responsible Officer”** means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate or other officer of the Trustee within the Corporate Trust Office specified in Section 1302 (or such Corporate Trust Office so designated in a Series Agreement or any successor Corporate Trust Office) having direct responsibility for the administration of this Trust Agreement.

**“S&P”** means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized statistical rating organization designated by the District by notice to the Trustee.

**“Securities Depository”** means The Depository Trust Company, New York, New York, or other recognized securities depository selected by the District, which maintains a

book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

**“Securities Depository Nominee”** means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

**“Senior Obligations”** means Bonds and VRA Obligations.

**“Series Agreement”** means a supplemental trust agreement entered into or the resolution adopted by the Commission providing for the issuance of Senior Obligations pursuant to Section 209 of this Trust Agreement. A Series Agreement shall include any Officer’s Certificate delivered by a District Representative or Representatives to whom authority has been delegated by the terms of the Series Agreement to provide the details of such Senior Obligations and, for purposes of additional VRA Obligations, a Series Agreement shall include such resolutions adopted by the Commission or financing agreements authorized thereby specifying the details of such additional VRA Obligations.

**“Short-Term Indebtedness”** means all obligations for borrowed money, other than the current portion of Long-Term Indebtedness, incurred or assumed by the District for any of the following:

- (1) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (2) leases that are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (3) installment purchase or conditional sale contracts having an original term of one year or less.

**“SIFMA Swap Index”** means The Securities Industry and Financial Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes published by Bloomberg, or its successor, or otherwise designated by The Securities Industry and Financial Market Association; provided, however, that, if such index is no longer available or its successor, the “SIFMA Swap Index” shall mean such other reasonably comparable index selected by the remarketing agent appointed by the District in connection with Variable Rate Indebtedness.

**“Special Record Date”** for the payment of any Defaulted Interest on Bonds means a date fixed by the Trustee pursuant to Section 203 of this Trust Agreement.

**“Subordinate Obligations”** means Indebtedness of the District the terms of which shall provide that it shall be subordinate and junior in right of payment to the prior payment in full of the Senior Obligations to the extent and in the manner set forth below:

In the event (a) of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the District or to its Property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the District whether or not involving insolvency or bankruptcy, (b) any Subordinate Obligation is declared or otherwise becomes due and payable before its expressed maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinate Obligation is issued; and such declaration has not been rescinded and annulled, or (c) any Event of Default under this Trust Agreement shall occur and be continuing with respect to any Senior Obligation and (1) written notice of such default shall have been given to the District and (2) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Obligations and within 90 days in the case of any other default after the giving of such notice, then the Holders of Senior Obligations shall be entitled to receive payment in full of all principal, premium and interest on all Senior Obligations before the Holders of the Subordinate Obligations are entitled to receive any payment on account of principal or interest upon the Subordinate Obligations.

**“Supplement”** means an agreement, including a Series Agreement, supplemental to, and authorized and executed pursuant to the terms of, this Trust Agreement.

**“Tax Certificate”** means a certificate or comparable instrument of the District delivered by the District and containing undertakings of the District with reference to Tax-Exempt Senior Obligations.

**“Tax-Exempt”** with reference to Bonds or other Senior Obligations means any such Bonds or Senior Obligations so designated in the related Series Agreement.

**“Total Operating Revenues”** means, with respect to the District, as to any period of time, total operating revenues, determined in accordance with generally accepted accounting principles.

**“Transition Charge”** means any rates, fees, charges or surcharges relating to the Wastewater System or the customers thereof established by irrevocable rate order or other action or instrument, and applicable to or by the District, in conjunction with the issuance of debt or other securities under a separate resolution, indenture or similar instrument (other than this Trust Agreement or other instrument securing Indebtedness secured by revenues of the Wastewater System) to the extent such rates, fees, charges or surcharges are pledged or otherwise encumbered or conveyed as security for such debt or other securities.

**“Trust Agreement”** means this Trust Agreement, entered into by and between Hampton Roads Sanitation District and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of October 1, 2011, as amended and restated as of March 1, 2016,

as amended, as further amended and restated as of July 1, 2024, and effective on the Effective Date, including any Series Agreement and any other trust agreement amendatory hereof or supplemental hereto.

**“Variable Rate Indebtedness”** means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate until maturity.

**“VRA Obligations”** means the District’s VRA Obligations or other evidences of indebtedness, as further described in Exhibit A hereto, and such additional Senior Obligations issued to VRA payable on a parity with Senior Obligations issued pursuant to this Trust Agreement.

**“Wastewater System”** means the wastewater treatment system of the District, as it may at any time exist, and includes all improvements and expansions thereof and additions thereto except as may otherwise be provided by resolution of the Commission.

**Section 102. Rules of Construction.** (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “Senior Obligation,” “Bond,” “owner,” “Holder” and “person” shall include the plural as well as the singular number and the word “person” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

(b) Any provision of this Trust Agreement referring to actions to be taken by the District shall be deemed to refer to the Commission to the extent that the Enabling Act authorizes the Commission to take such action instead of the District.

(c) All determinations with respect to the calculation of Net Revenues, Long-Term Debt Service Coverage Ratio, Long-Term Debt Service Requirements, interest, principal, Interest Requirements, Principal Requirements and Indebtedness of the District and the incurrence tests in Section 704 shall be made with reference to the District’s Audited Financial Statements or Financial Statements, as the case may be, and generally accepted accounting principles consistently applied.

(End of Article I)



## ARTICLE II.

### DETAILS OF BONDS; ISSUANCE OF BONDS AND SENIOR OBLIGATIONS

**Section 201. Limitation on Indebtedness.** (a) The District may incur Indebtedness by issuing Bonds or incurring other Senior Obligations hereunder or by creating Subordinate Obligations under any other document. The principal amount of Senior Obligations evidencing Indebtedness that may be created hereunder and the principal amount of Indebtedness that may be created under other documents is not limited except as limited by the provisions hereof, including Section 209 and Section 704, or the provisions of any other document securing Senior Obligations.

(b) No Bonds may be issued under the provisions of this Trust Agreement except in accordance with the provisions of this Article, *provided, however*, that nothing herein shall prohibit the District from issuing or incurring additional Senior Obligations through the sale and delivery of additional VRA Obligations, subject to the limitations and requirements of Section 209 and Section 704 hereof.

A. Bonds shall be issued or incurred in such forms as may from time to time be created by a related Series Agreement permitted hereunder. Each Bond or series of Bonds shall be created by a different Series Agreement and shall be designated in such a manner as will differentiate such Bonds from any other Bonds and Senior Obligations.

B. The District and the Trustee may from time to time enter into a Series Agreement or the Commission may from time to time adopt a Series Agreement in order to issue Bonds hereunder. Each such Series Agreement shall, with respect to Bonds issued hereunder, set forth the date thereof, and the date or dates on which the principal of and redemption premium, if any, and interest on such Bonds shall be payable, and the form of such Bonds and such other terms and provisions as shall conform with the provisions hereof.

C. With respect to Bonds issued hereunder, simultaneously with or prior to the execution, authentication and delivery of such Bonds pursuant to this Trust Agreement:

(i) All requirements and conditions to the issuance of such Bonds, if any, set forth in the Series Agreement or in this Trust Agreement shall have been complied with and satisfied, as provided in an Officer's Certificate, a certified copy of which shall be delivered to the Trustee; and

(ii) The District shall have delivered to the Trustee an Opinion of Counsel to the effect that (1) registration of such Bonds under the Securities Act of 1933, as amended, and qualification of this Trust Agreement or the Series Agreement or resolution under the Trust Indenture Act of 1939, as amended, are not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (2) the Trust Agreement, the Series Agreement and the Bonds are valid, binding and enforceable obligations of the District in accordance with their terms, except

as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual equity principles.

(c) Bonds authorized hereunder may be issued in one or more series that may be delivered from time to time. The District shall by Series Agreement authorize such series and shall specify, to the extent appropriate: (1) the authorized principal amount of such series; (2) the purposes to be financed with the proceeds of such series, or the Bonds or other Indebtedness to be refunded or refinanced with the proceeds thereof, including costs of issuance; (3) the Debt Service Reserve Fund Requirement, if any, and the funding of the Debt Service Reserve Fund, if any; (4) the date and terms of maturity or maturities of the Bonds of such series, or the dates of payment of the Bonds on the demand of the Owner thereof; (5) the interest rate or rates of the Bonds of such series, which may include variable, adjustable, convertible or other rates, original issue discount, Capital Appreciation Bonds, Current Interest Bonds, municipal multipliers or other deferred interest arrangements and zero interest rate Bonds, provided that the interest cost of such series shall never exceed for such series the maximum interest rate, if any, permitted by law in effect at the time such series is issued; (6) the Interest Payment Dates for such series of Bonds; (7) the denominations, numbering, lettering and series designation of such series of Bonds; (8) the paying agents and place or places of payment of such Bonds; (9) any terms of redemption not inconsistent with the provisions of this Trust Agreement, which may include redemption at the election of the Owner thereof to the extent permitted by law; (10) the amount and date of each mandatory sinking fund or other redemption requirement, if any, for such series of Bonds; (11) the use to be made of the proceeds of such series of Bonds, including deposits required to be made into the Issuance Fund; and (12) any other terms or provisions applicable to the series of Bonds not inconsistent with the provisions of this Trust Agreement or the Enabling Act. All of the foregoing may be added by a Series Agreement at any time or from time to time prior to the issuance of such series of Bonds.

**Section 202. Form and Numbering of Bonds.** Except as otherwise provided in a Series Agreement, the definitive Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof. The Bond of each series and the certificate of authentication to be endorsed by the Bond Registrar on all Bonds as provided herein shall be, respectively, substantially in the form to be set forth in the applicable Series Agreement authorizing the issuance of such Bonds. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto.

The Initial Bonds outstanding under this Trust Agreement on the Effective Date are hereby deemed to be amended to delete the word "subordinate" from the caption thereof, and the District may execute and the Trustee may authenticate revised Initial Bonds of each such series reflecting the execution and delivery of this Trust Agreement and the amendments made hereby; provided, however, that the District shall execute, and the Trustee shall authenticate revised Initial Bonds dated September 28, 2020, and September 9, 2021, only upon the request of the Holder thereof.

**Section 203. Details of Bonds.** The Bonds shall be dated and shall be stated to mature, all as provided in the applicable Series Agreement.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon any Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The Bonds shall be executed with the manual or facsimile signatures of the Chair or Vice Chair of the Commission and of the Secretary or any Assistant Secretary of the Commission and a facsimile of the official seal of the Commission shall be printed thereon.

In case any officer a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bonds may bear the facsimile signatures of such persons as at the actual time of the execution of such Bonds shall be the proper officers to sign such Bonds although at the date of such Bonds such persons may not have been such officers.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of all Bonds shall be payable at the Corporate Trust Office of the Bond Registrar for the delivery of Bonds upon the presentation and surrender of such Bonds as the same shall become due and payable.

Interest on any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check mailed to the person in whose name that Bond is registered at the close of business on the Regular Record Date.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the District, at its election in each case, as provided in Subsection A or B below:

A. The District may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The District shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the District shall deposit or cause to be deposited with the Trustee an amount of money equal to the sum of the unpaid fees and expenses of the Trustee, if any, and the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor fewer

than ten (10) days prior to the date of the proposed payment and not fewer than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the District of such Special Record Date and, in the name and at the expense of the District, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the registration books maintained under Section 206 of this Trust Agreement not fewer than ten (10) days prior to such Special Record Date; provided that such notice shall be sent by registered or certified mail or overnight express delivery to any Holder which is a Securities Depository Nominee. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following subsection B.

B. The District may make payment of any Defaulted Interest on the Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the District to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**Section 204. Authentication of Bonds.** Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the Series Agreement authorizing such Bonds, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond shall have been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Trust Agreement. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

**Section 205. Exchange of Bonds.** Bonds, upon surrender thereof at the Corporate Trust Office of the Bond Registrar for the delivery of Bonds, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and series, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the registered Bonds surrendered for exchange.

The District shall make provision for the exchange of the Bonds at the Corporate Trust Office of the Bond Registrar for the delivery of Bonds.

**Section 206. Negotiability, Registration and Transfer of Bonds.** The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Bond Registrar and as such shall keep books for the registration and registration of transfer of Bonds as provided in this Trust Agreement. Said registration books shall be available at all reasonable times for inspection by the District, the Trustee and their agents and representatives, and the Bond Registrar shall provide to the Trustee and the District, upon their written request, an accurate copy of the names and addresses of the Holders set forth on such books.

The Bond Registrar has heretofore evidenced its acceptance of the duties, responsibilities and obligations of the Bond Registrar under this Trust Agreement by the execution of the certificate of authentication on the Bonds.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or such owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer the District shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and series and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the District shall execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. No service charge shall be made for any registration, transfer, or exchange of Bonds, but the District and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

**Section 207. Ownership of Bonds.** Except as may be provided in an applicable Series Agreement relating to the provider of a Credit Facility, the District, the Trustee, the Bond Registrar and any agent of the District may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the District, the Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

**Section 208. Execution and Delivery of Trust Agreement.** The Trustee shall execute and deliver this Trust Agreement as of the Effective Date, but only if there shall be filed or deposited with the Trustee the following:

- (a) a copy, certified by the Secretary or any Assistant Secretary of the Commission, of the resolution of the Commission authorizing the execution of this Trust Agreement;
- (b) a counterpart of this Trust Agreement, duly executed by the District;

(c) an Opinion of Counsel for the District substantially to the effect that (1) the District has the power and authority to execute and deliver this Trust Agreement and to consummate the transactions contemplated thereby; (2) this Trust Agreement has been duly authorized, executed and delivered by the District; and (3) the execution and delivery of this Trust Agreement by the District and its compliance with the terms thereof, under the circumstances contemplated hereby, do not and will not in any material respect conflict with, or constitute on the part of the District a breach of or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the District is a party or by which the District or any of its property is bound or conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree to which the District or any of its property is subject; and

(d) an Opinion of Bond Counsel to the District to the effect that this Trust Agreement constitutes a valid and binding agreement of the District, enforceable in accordance with its terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles.

**Section 209. Terms and Conditions for Incurrence of Additional Senior Obligations.**

(a) The District covenants and agrees that it will not incur any Indebtedness hereunder, other than the Initial Bonds, if, after giving effect to all other Indebtedness incurred by the District, such Indebtedness could not be incurred pursuant to this Section 209. Indebtedness may be incurred only in the manner and pursuant to the terms set forth in the following subsections.

(b) Additional Bonds, that is Bonds in addition to the Initial Bonds and other Senior Obligations, may be issued or incurred if, prior to incurrence thereof, the District shall file or cause to be filed with the Trustee an Officer's Certificate (which may rely upon certificates or other evidence prepared by the officials of the District) demonstrating and stating that the incurrence test in Section 704, if applicable by its terms, will be met with respect to such separate issuance of Additional Bonds or incurrence of other Senior Obligations. The District may incur Senior Obligations in one or more separate issuances, which Senior Obligations may be issued in any form or combination of forms permitted by this Trust Agreement.

(i) Before any Additional Bonds shall be issued or other Senior Obligations incurred, the District shall execute and deliver or adopt a Series Agreement authorizing the issuance of such Bonds or the incurrence of such other Senior Obligations, fixing the amount and the details thereof as provided in Sections 202 and 203 hereof and describing in brief and general terms the purpose for issuing such Senior Obligations. Additional Bonds may be issued and Senior Obligations may be incurred for any purpose permitted under the Enabling Act.

(ii) The District in the Series Agreement may (a)(i) establish a Debt Service Reserve Fund Requirement and (ii) determine to fund the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement and fix the provisions with respect thereto or (b) determine not to make any deposit to the Debt Service Reserve Fund.

(iii) The Additional Bonds of each series shall be designated "Hampton Roads Sanitation District (Virginia) Wastewater Revenue [Bonds] [Notes], [Refunding] Series

.....” (inserting the year such Bonds are issued and any other distinctive letter or number), shall be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than maximum maturity permitted by law, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered and shall have such redemption provisions, all as provided in the Series Agreement. Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption or the provisions regarding the respective accounts and subaccounts within the Bond Fund and the Debt Service Reserve Fund, all such Additional Bonds shall be on a parity with each other and the Initial Bonds and any other Senior Obligations and shall be entitled to the same benefit and security of this Trust Agreement, including, in particular, the pledge of Revenues in Section 701.

(iv) The proceeds (including any accrued interest) of the Additional Bonds and the proceeds, if any, of any other Senior Obligations shall be applied simultaneously with the delivery thereof as provided in the Series Agreement for the particular Senior Obligations.

(v) In the case of Bonds or Senior Obligations issued to refund Outstanding Bonds or Senior Obligations, the District may direct the Trustee (A) to withdraw money and Investment Obligations from the Bond Fund and the Debt Service Reserve Fund and any appropriate accounts therein to the extent that, following the issuance of such refunding Senior Obligations and the defeasance of such refunded Senior Obligations, such money and Investment Obligations would be in excess of the requirements of this Trust Agreement and (B) to set aside such money and Investment Obligations so withdrawn, together with proceeds of the refunding Senior Obligations and any other money provided by the District, to effect the defeasance of such refunded Senior Obligations in accordance with the provisions of the Series Agreement applicable to the refunded Senior Obligations.

(vi) If any VRA Obligations remain outstanding, the District shall provide an Officer’s Certificate to the effect that the District has complied with any applicable restrictions imposed by such VRA Obligations on the issuance or incurrence of Indebtedness such as such Additional Bonds or other Senior Obligations.

(vii) The District shall provide an Officer’s Certificate as to compliance with the condition set forth in Section 705(a) hereof.

(c) VRA Obligations and Subordinate Obligations may be incurred subject to the provisions of Section 704 hereof.

**Section 210. Temporary Bonds.** Until definitive Bonds are ready for delivery, there may be executed, and upon request of the District, the Bond Registrar shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Bonds, in the form of fully registered Bonds in denominations of \$5,000 or any whole multiple thereof, substantially of the tenor of the Bonds set forth in the related Series Agreement and with such appropriate omissions, insertions and variations as may be required.

Until definitive Bonds are ready for delivery, any temporary Bond may, if so provided by the Commission by resolution, be exchanged at the Corporate Trust Office of the Bond Registrar for the delivery of Bonds, without charge to the Holder thereof, for an equal aggregate principal amount of temporary fully registered Bonds of authorized denominations, of like tenor, of the same maturity and series and bearing interest at the same rate.

If temporary Bonds shall be issued, the District shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it at its Corporate Trust Office for the delivery of Bonds, of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the Holder, without charge to the Holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same maturity and series and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Bonds to be issued and authenticated hereunder.

**Section 211. Mutilated, Destroyed, Stolen or Lost Bonds.** In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the District shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the Holder shall pay the reasonable expenses and charges (including reasonable attorney's fees, costs and expenses) of the District and the Bond Registrar in connection therewith and, in case of a Bond destroyed, stolen or lost, the Holder shall file with the Bond Registrar evidence satisfactory to it and to the District that such Bond was destroyed, stolen or lost, and of his ownership thereof, and shall furnish the District and the Bond Registrar indemnity satisfactory to them.

Every Bond issued pursuant to the provisions of this Section 211 in exchange or substitution for any Bond which is mutilated, destroyed, stolen or lost shall constitute an additional contractual obligation of the District, whether or not the destroyed, stolen or lost Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Trust Agreement. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, stolen or lost Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

(End of Article II)



### **ARTICLE III.**

#### **REDEMPTION OF SENIOR OBLIGATIONS**

**Section 301. Redemption of Senior Obligations.** Senior Obligations may be made subject to optional and mandatory redemption by the District prior to their respective maturities as provided in the related Series Agreement.

(End of Article III)

## ARTICLE IV.

### ISSUANCE FUND AND CONSTRUCTION FUND

**Section 401. Issuance Fund.** (a) The special fund heretofore established with the Trustee and designated Hampton Roads Sanitation District (Virginia) Subordinate Wastewater Revenue Bonds 2011 Trust Agreement Issuance Fund shall be renamed the “Hampton Roads Sanitation District (Virginia) Issuance Fund.” The Trustee shall make the deposits to the Issuance Fund required by the provisions of any Series Agreement.

(b) The money in the Issuance Fund shall be held by the Trustee in trust and, subject to the provisions of Section 405 of this Trust Agreement, shall be applied to the payment of Issuance Costs (defined below) and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as provided in this Article IV. The District may, in any Series Agreement, create subfunds within the Issuance Fund or authorize the Trustee to create such subfunds when it deems it desirable or convenient for tracking deposits and expenditures.

(c) All issuance costs (“Issuance Costs”) incurred in connection with the Bonds and to be financed from the proceeds of the sale of the Bonds shall be paid only from the Issuance Fund. Examples of such issuance costs include, but are not limited to, the following, if any:

(i) counsel fees (including bond counsel, underwriter’s counsel, issuer’s counsel, trustee’s counsel, as well as any other specialized counsel, fees and expenses incurred in connection with the issuance of the Bonds);

(ii) financial advisor fees incurred in connection with the issuance of the Bonds;

(iii) Rating Agency fees;

(iv) depository fees incurred in connection with the issuance of the Bonds;

(v) trustee, paying agent, bond registrar and certifying and authenticating agent fees related to the issuance of the Bonds;

(vi) accountant fees related to the issuance of the Bonds;

(vii) printing costs (for the Bonds and of preliminary and final offering materials);

(viii) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum); and

(ix) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

**Section 402. Construction Fund.** (a) The special fund heretofore established with the Trustee and designated Hampton Roads Sanitation District (Virginia) Subordinate Wastewater Revenue Bonds 2011 Trust Agreement Construction Fund shall be renamed the “Hampton Roads Sanitation District (Virginia) Construction Fund.” The Trustee shall make the deposits to the Construction Fund required by the provisions of any Series Agreement.

(b) The money in the Construction Fund shall be held by the Trustee in trust and, subject to the provisions of Section 405 of this Trust Agreement, shall be applied to the payment of Capital Improvement Program Costs and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as provided in this Article IV. The District may, in any Series Agreement, create subfunds within the Construction Fund or authorize the Trustee to create such subfunds when it deems it desirable or convenient for tracking deposits and expenditures.

(c) All Capital Improvement Program Costs to be financed from the proceeds of the sale of the Bonds shall be paid only from the Construction Fund. Examples of such Capital Improvement Program Costs include, but are not limited to, the following, if any:

(i) the costs of preparation of surveys, cost estimates, appraisals, plans and specifications for, and fees for architectural, engineering, supervisory and consulting services, planning and development costs of, the costs of obtaining governmental or regulatory permits, licenses, franchises and approvals for, and estimates of Net Revenues and any other fees or expenses necessary or incidental to determining the feasibility or practicability of, any project;

(ii) the cost of acquiring by purchase, and the amount of any deposit in court or award or final judgment in, or any settlement or compromise of, any proceeding to acquire by eminent domain, such lands, property, property rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient for, options and partial payments thereon, the cost of demolishing or removing or relocating any buildings or structures or land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, and the amount of any damages incident to or consequent upon, the construction and operation of the Wastewater System;

(iii) all costs incurred in connection with the planning, investigating, licensing, siting, permitting, engineering, financing, equipping, construction and acquisition of a project for the Wastewater System, including the costs of any wastewater treatment plant or necessary transmission or interceptor lines or improvements required to interconnect any of the transmission or interceptor lines with any treatment plant, inventories, working capital, spares and other start up related costs, related environmental compliance costs, legal, engineering, accounting, advisory and other financing costs relating thereto;

(iv) all costs incurred in connection with the refurbishing, improving, repairing, replacement, retiring, decommissioning or disposing of any facility of the Wastewater System, or otherwise paid or incurred or to be paid or incurred by or on behalf of the District, all costs related to the acquisition and construction of any project, including, without limitation, contractors’ fees and charges, the cost of labor, services, materials and

supplies used or furnished in site improvement and construction, and the purchase of machinery, equipment, facilities, rolling stock and ancillary items and the cost of utility services;

(v) all administrative services and overhead necessary or incidental to any project, including salaries, wages and benefits of employees and agents, of the District and a reasonable allowance for working capital related to the acquisition, construction and operation of any project and for a reasonable period after the completion thereof;

(vi) Issuance Costs for which funds are not available in the Issuance Fund;

(vii) interest to accrue on the Bonds to the completion of that portion of the project, improvement or other facility for which Capital Improvement Program Costs are being incurred and, subject to the receipt of an Opinion of Bond Counsel to the effect that the proposed application for such additional period will not adversely affect the exclusion from gross income of the recipients thereof for federal income tax purposes of interest on the Tax-Exempt Bonds or any of them, for a reasonable period thereafter;

(viii) any amount required to make the amount to the credit of the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement, if any, and any amount provided in a Series Agreement to fund a debt service or other reserve for the related series of Bonds or other Senior Obligations;

(ix) any federal, state and local taxes and payments in lieu of taxes legally required, or deemed advisable by Commission, to be paid in respect of any project prior to its completion;

(x) to the extent they shall not be paid by a contractor, premiums of all insurance policies and surety and performance bonds required to be maintained in connection with the acquisition and construction of any project and all costs and expenses relating to injury, and damage claims arising from the acquisition and construction of any project and casualty and liability insurance premiums in connection with insurance against loss from such claims; and

(xi) repayment of all temporary borrowings made by and advances to the District in connection with any project.

**Section 403. Requisitions from Issuance Fund and Construction Fund.** Payments from the Issuance Fund or Construction Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made, there shall be filed with the Trustee a requisition signed by an appropriate officer or employee of the District in accordance with the procedures established from time to time by Series Agreement or by resolution of the Commission.

Upon receipt of each requisition the Trustee shall pay the obligations set forth in such requisition out of money in the Fund designated in such requisition. If for any reason the District should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

**Section 404. Reliance Upon Requisitions.** All requisitions received by the Trustee as conditions of payment from the Issuance Fund or the Construction Fund may be relied upon by the Trustee, and the Trustee shall not be required to make any investigation therewith. All requisitions received by the Trustee shall be retained by the Trustee (retention as a digital record being sufficient), subject at all reasonable times upon reasonable notice to the Trustee to examination by the Commission and the District.

**Section 405. Disposition of Fund Balances.** Unexpended fund balances in the Issuance Fund and the Construction Fund shall be applied as directed by the District, except as otherwise provided in the applicable Series Agreement.

(End of Article IV)

## ARTICLE V.

### REVENUES AND FUNDS

**Section 501. Establishment of Funds.** The following funds heretofore established with the Trustee shall be renamed as follows:

(a) Hampton Roads Sanitation District (Virginia) Subordinate Wastewater Revenue Bonds 2011 Trust Agreement Bond Fund shall be renamed the “Hampton Roads Sanitation District (Virginia) Bond Fund”; and

(b) Hampton Roads Sanitation District (Virginia) Subordinate Wastewater Revenue Bonds 2011 Trust Agreement Debt Service Reserve Fund shall be renamed the “Hampton Roads Sanitation District (Virginia) Debt Service Reserve Fund”.

The money and securities in each of such Funds shall be held in trust and applied as hereinafter provided and, pending such application the money and securities in each of such Funds and any accounts therein shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders. The District may, in any Series Agreement, create subfunds within the Funds created by this Section 501 or authorize the Trustee to create such subfunds when it deems it desirable or convenient for tracking deposits and expenditures.

**Section 502. Payments and Funds Received.** The District shall make payments directly to the Trustee for deposit in the Bond Fund in amounts sufficient to pay in full, when due (whether by maturity, acceleration or otherwise), all Bonds issued under this Trust Agreement, together with the interest thereon. Such payments shall be due and payable as follows:

(a) to the credit of the Bond Fund, on the Business Day next preceding each Interest Payment Date, an amount equal to the interest payable on the Bonds on such Interest Payment Date;

(b) to the credit of the Bond Fund, on the Business Day next preceding each Principal Payment Date, an amount equal to the principal of the Bonds due on such Principal Payment Date; and

(c) any amount that may from time to time be required to enable the District to pay the principal of and interest due on Bonds upon acceleration.

Each payment shall be equal to the sum of the amounts specified above in paragraphs (a) to (c), inclusive.

On the Payment Date following a date on which the District shall have failed to pay to the Trustee the sum of the amounts specified in paragraphs (a) to (c) above or on which an investment loss shall have been charged to the Bond Fund in accordance with Section 602 of this Trust Agreement, the District shall pay, in addition to the payment then due, an amount equal to the deficiency in payment or the amount of such loss, unless such deficiency or loss shall have been remedied. To the extent that the investment earnings are transferred or credited to the Bond Fund in accordance with this Trust Agreement or amounts are transferred or credited to such Fund as a

result of the application of Bond proceeds or a transfer of surplus funds from the Issuance Fund or otherwise, future payments shall be proportionately reduced by the amount so credited unless such transfer is made to cure deficiencies in such Fund to which the transfer is made.

Unless a Qualified Reserve Fund Substitute shall then be in effect, there shall be due and payable directly to the Trustee as a required payment from the District, on the twenty-fifth (25th) day of each month, (i) beginning in the month following the month in which money is transferred from the Debt Service Reserve Fund to the Bond Fund to cure a deficiency therein pursuant to Section 504 of this Trust Agreement, into the Debt Service Reserve Fund one-twelfth (1/12) of the amount or amounts so transferred until the amount then on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement and (ii) beginning in the month following a valuation made in accordance with Section 603 of this Trust Agreement in which the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement and a loss resulting from a decline in the value of Investment Obligations held for the credit of the Debt Service Reserve Fund is computed, into the Debt Service Reserve Fund, one-sixth (1/6) of the amount of such loss until the amount of such loss is reimbursed. Such payments shall be increased as may be necessary in any month to make up any previous deficiency in any of such monthly payments.

If, after giving effect to the credits specified below, any installment of payments made by the District should be insufficient to enable the Trustee to make the deposits required above, the Trustee shall give the District telephonic notice thereof, promptly confirmed in writing, and request that each future installment of payments due from the District be increased as may be necessary to make up any previous deficiency in any of the required payments and to make up any deficiency or loss in any of the above-mentioned funds.

To the extent that investment earnings are credited to the Bond Fund in accordance with Section 602 of this Trust Agreement or amounts are credited thereto as a result of the application of Bond proceeds or a transfer of investment earnings on any other fund or account held by the Trustee, or otherwise, future deposits to the Bond Fund shall be reduced by the amount so credited, and the payments due from the District in the months following the date upon which such amounts are credited shall be reduced by the amounts so credited.

**Section 503. Application of Money in Bond Fund.** (a) Not later than 1:00 P.M. on the Business Day next preceding each Interest Payment Date or date for the payment of Defaulted Interest, the Trustee shall withdraw from the Bond Fund and remit by wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amounts required for paying interest on the Bonds to each Holder that is not a Securities Depository Nominee. The Bond Registrar shall, not later than the Business Day next preceding each Interest Payment Date, remit by mail to each Holder which is not a Securities Depository Nominee the amount required for paying interest on such Bonds when due and payable.

At such time as to enable the Bond Registrar to make payments of interest on the Bonds in accordance with any existing agreement between the Bond Registrar and any Securities Depository, the Trustee shall withdraw from the Bond Fund and remit by wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amounts required to pay to any Holder which is a Securities Depository Nominee interest on the Bonds on the next ensuing

Interest Payment Date; provided, however, that in no event shall the Trustee be required to make such wire transfer prior to the Business Day next preceding each Interest Payment Date, and provided further that such wire transfer shall be made not later than 1:00 P.M. on each Interest Payment Date.

In the event the balance in the Bond Fund on the Business Day next preceding an Interest Payment Date is insufficient for the payment of interest becoming due on the Bonds on such Interest Payment Date, the Trustee shall immediately notify the District of the amount of the deficiency. Upon notification, the District shall immediately deliver to the Trustee an amount sufficient to cure the same. If the amount so delivered is not sufficient to cure the deficiency in the Bond Fund, the Trustee shall transfer to the Bond Fund such amount as may be necessary to remedy the deficiency therein from the Debt Service Reserve Fund.

(b) Not later than 10:00 A.M. on each Principal Payment Date, the Trustee shall withdraw from the Bond Fund and remit by wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amount necessary to pay the principal of all Bonds maturing on such Principal Payment Date.

In the event that the balance in the Bond Fund on the Business Day next preceding any Principal Payment Date is insufficient for the payment of principal of all Bonds becoming due on such Principal Payment Date, the Trustee shall immediately notify the District of the amount of the deficiency. Upon notification, the District shall immediately deliver to the Trustee an amount sufficient to cure the same. If the amount so delivered is not sufficient to cure the deficiency in the Bond Fund, the Trustee shall transfer to the Bond Fund such amount as may be necessary to remedy the deficiency therein from the Debt Service Reserve Fund.

(c) The Trustee shall also withdraw from the Bond Fund and remit by wire or otherwise transfer to the payee, in Federal Reserve or other immediately available funds, the amount necessary to make any other payment in respect of outstanding Senior Obligations when due.

**Section 504. Application of Money in Debt Service Reserve Fund; Qualified Reserve Fund Substitute.** No funds shall be deposited in the Debt Service Reserve Fund on the Effective Date. If the District shall elect to fund the Debt Service Reserve Fund, then an amount equal to the Debt Service Reserve Fund Requirement, as the same shall be specified in a Supplemental Agreement, shall be deposited in the Debt Service Reserve Fund.

The Trustee shall use amounts in the Debt Service Reserve Fund to make transfers to the Bond Fund to the extent necessary to pay interest on and principal of (whether at maturity, upon redemption or by acceleration) the Bonds, whenever and to the extent that the money on deposit in the Bond Fund is insufficient for such purposes and the District has failed to cure such deficiency.

If, on any date of valuation, the amounts held in the Debt Service Reserve Fund, including the interest earnings on such Fund, exceed for any reason the Debt Service Reserve Fund Requirement, whether on account of the expiration of the District's election to terminate a discretionary funding of the Debt Service Reserve Fund or otherwise, an amount equal to such excess shall be transferred by the Trustee, (i) to the Bond Fund or (ii) if the District shall deliver



to the Trustee a written statement setting forth the use which the District proposes to make of such excess amounts, accompanied by an Opinion of Bond Counsel to the District, addressed to the Trustee, to the effect that such proposed use will not cause the interest on Tax-Exempt Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation, then to the District.

The District may, at any time, deliver to the Trustee a Qualified Reserve Fund Substitute. In such event, if the District shall also deliver to the Trustee a written statement setting forth the use which the District proposes to make of the cash and Investment Obligations then on deposit to the credit of the Debt Service Reserve Fund, accompanied by an Opinion of Bond Counsel to the District, addressed to the Trustee, to the effect that such proposed use will not cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation, the Trustee shall transfer to the District all amounts on deposit to the credit of the Debt Service Reserve Fund.

If any Qualified Reserve Fund Substitute shall be in effect, the Trustee hereby agrees to give such notices and execute such documents as shall be required to assure that funds (i) are available in such amounts and at such times to assure timely payment of principal of and interest on the Bonds and (ii) are drawn to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement at least six (6) months prior to the expiration date of the Qualified Reserve Fund Substitute unless (a) the Trustee shall have received a substitute Qualified Reserve Fund Substitute to replace such expiring Qualified Reserve Fund Substitute or (b) the expiration date of the expiring Qualified Reserve Fund Substitute is no earlier than the final stated maturity date of the Bonds.

**Section 505. Money Held in Trust.** All money that the Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside or transferred to the Bond Registrar for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or for the purpose of paying any interest on the Bonds hereby secured, shall be held in trust for the respective Holders. Any money that is so set aside or transferred and that remains unclaimed by the Holders for a period of three (3) years after the date on which such Bonds have become payable shall upon request in writing be paid to the District or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the Holders of such Bonds shall look only to the District or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the Trustee and Bond Registrar shall have no responsibility with respect to such money.

**Section 506. Cancellation of Bonds.** (a) All Bonds paid shall be delivered to the Bond Registrar when such payment is made, and such Bonds shall be cancelled. The Bond Registrar shall certify to the Trustee and the District the details of all Bonds so cancelled. All Bonds cancelled under any of the provisions of this Trust Agreement shall, as directed in writing by the District Representative, be either delivered to the District or destroyed by the Bond Registrar, which shall, in such event, execute a certificate in duplicate, describing the Bonds so destroyed, and one (1) executed certificate shall be filed with the District and one (1) executed certificate shall be filed with and retained by the Trustee.

(b) Bonds owned or held for the account of the District or any affiliate or any subsidiary or controlled affiliate of the District shall not be deemed to be paid unless the District delivers, or causes such Bonds to be delivered, to the Trustee accompanied with the express written instructions of a District Representative directing the Trustee to cancel such Bonds pursuant to Section 506 hereof. Except as set forth in a Series Agreement, for the avoidance of doubt, the purchase of, or for the account of, the District of Indebtedness evidenced by Bonds shall not extinguish such Indebtedness unless the District shall deliver the written instructions to the Trustee directing the Trustee to cancel such Bonds.

**Section 507. Disposition of Fund Balances.** After provision shall be made for the payment of all Outstanding Indebtedness secured by this Trust Agreement, including the interest thereon, and for the payment of all other obligations, expenses and charges required to be paid under or in connection with this Trust Agreement and, assuming the existence of no other indentures or other agreements imposing a continuing lien on the balances hereinafter mentioned, the Trustee shall pay all amounts in any fund or account then held by it under this Trust Agreement to the District; provided, however, that if a continuing lien has been imposed on any such balance by another bond order, resolution, indenture or agreement as to which the Trustee has received actual notice from the District, the Trustee shall pay such balance to such person as such bond order, resolution, indenture or agreement shall provide.

(End of Article V)

## ARTICLE VI.

### SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS, AND COVENANT AS TO ARBITRAGE

**Section 601. Security for Deposits.** Any and all money received by the District under the provisions of this Trust Agreement shall be deposited as received by the District with the Trustee, shall be trust funds under the terms hereof and shall not be subject to any lien or attachment by any creditor of the District. Such money shall be held in trust and applied in accordance with the provisions of this Trust Agreement.

All money deposited with the Trustee hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the District and the Holders, either (a) by lodging with a bank or trust company chosen by the Trustee or custodian or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or the Bond Registrar to give security for the deposit of any money with it for the payment of the principal of or the premium, if any, or interest on any Bonds, or for the Trustee to give security for any money that shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

Subject to the provisions of Section 602, all money deposited with the Trustee shall be credited to the particular fund or account to which such money belongs.

**Section 602. Investment of Money.** Money held for the credit of all funds and accounts created under this Trust Agreement shall be continuously invested and reinvested by the Trustee in Investment Obligations to the extent practicable in accordance with the instructions of the District Representative as provided herein. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended; provided, however, that Investment Obligations deposited in the Debt Service Reserve Fund shall mature no later than the final maturity date of the Bonds secured by the Debt Service Reserve Fund.

Unless a Qualified Reserve Fund Substitute shall be in effect, the District shall reimburse the Debt Service Reserve Fund for any loss resulting from a decline in the value of Investment Obligations in which money held for the credit of the Debt Service Reserve Fund is invested if on any date of valuation the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement. Such reimbursement shall be made by depositing in the Debt Service Reserve Fund on a monthly basis an amount equal to one-sixth (1/6) of such loss

commencing in the month following a valuation made in accordance with Section 603 hereof in which such a loss is computed.

The District Representative shall give to the Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Trustee shall then invest such money under this Section 602 as so directed by the District Representative. The Trustee may request, in writing, direction or authorization of the District Representative with respect to the proposed investment of money under the provisions of this Trust Agreement. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the District Representative will either approve such proposed investment or will give written directions to the Trustee respecting the investment of such money and, in the case of such directions, the Trustee shall then, subject to the provisions of this Article, invest such money in accordance with such directions.

The Trustee may conclusively rely upon the District's written instructions as to both the suitability and legality of all investments directed under this Trust Agreement. Ratings of investments, to the extent such ratings affect the permissibility of a proposed investment for purposes of this Trust Agreement, shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. Notwithstanding anything that may be to the contrary herein, in the absence of written investment instructions from the District, the Trustee shall not be responsible or liable for keeping the money held by it hereunder fully invested. Confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee shall not be liable for any losses from any investments directed under this Trust Agreement.

Investment Obligations acquired with money and credited to any fund or account established under this Trust Agreement shall be held by or under the control of the Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account. The Trustee shall sell at the best price attainable or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money from any such fund or account. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of money between two (2) or more of the funds or accounts established pursuant to Article V of this Trust Agreement is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article VI, provided that the Investment Obligations transferred are those in which money of the receiving fund or account could be invested at the date of such transfer.

**Section 603. Valuation.** For the purpose of determining the amount on deposit in any fund or account, Investment Obligations in which money in such fund or account is invested shall be valued (a) if such Investment Obligations mature, or are subject to redemption at the option of the holder thereof, within five years or less from the date of valuation thereof, such Investment Obligations shall be valued at amortized cost, and (b) if such Investment Obligations mature, or are subject to redemption at the option of the holder thereof, more than five years from the date of valuation thereof, such Investment Obligations shall be valued at the market value or the amortized cost thereof, whichever is lower.

The Trustee shall value the Investment Obligations in the funds and accounts established under this Trust Agreement five (5) Business Days prior to each Interest Payment Date. In addition, the Investment Obligations shall be valued by the Trustee at any time requested by the District Representative on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Investment Obligations more than once in any calendar month other than as provided herein.

If upon valuation of the Debt Service Reserve Fund, the balance in the Debt Service Reserve Fund, including accrued interest to the date of valuation, is less than the Debt Service Reserve Fund Requirement, the Trustee shall compute the amount by which the Debt Service Reserve Fund Requirement exceeds such balance and shall immediately give the District notice of such deficiency and the amount necessary to cure the same. The foregoing sentence shall not apply during any period for which a Qualified Reserve Fund Substitute is in effect.

(End of Article VI)

## ARTICLE VII.

### GENERAL COVENANTS AND REPRESENTATIONS

#### **Section 701. Payment of Principal and Interest.**

(a) The District shall cause to be paid, when due, the principal of (whether at maturity, by acceleration or otherwise) and interest on the Bonds at the places, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof; provided that it is understood that the Bonds are not general obligations of the District but are special obligations and are payable solely from Net Revenues derived by the District from its Wastewater System and the money attributable to proceeds of Bonds and the income from the investment thereof and not from any other fund or source. To secure the prompt payment of the principal and purchase price of, redemption premium, if any, and the interest on the Senior Obligations and the performance by the District of its other obligations hereunder, the District hereby grants to the Trustee a security interest in its Net Revenues.

(b) The Bonds issued under this Trust Agreement shall not be deemed to constitute a debt, or a pledge of the faith and credit, of the Commonwealth or of any county, city, town or political subdivision thereof, and the issuance of the Bonds under this Trust Agreement shall not directly or indirectly or contingently obligate the Commonwealth or any county, city, town, or political subdivision thereof to levy or to pledge any form of taxation whatever therefor.

**Section 702. Covenant to Perform and Authority of District.** The District shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Trust Agreement, in any Bond or Senior Obligation executed, authenticated and delivered hereunder, or in any proceedings of the Commission pertaining thereto. The District represents that it is duly authorized under the Constitution and laws of the Commonwealth, particularly the Enabling Act, to issue the Bonds and Senior Obligations authorized hereby, to execute this Trust Agreement, to pledge its Net Revenues pursuant to this Trust Agreement in the manner and to the extent herein set forth as security for the Bonds or Senior Obligations; that all action on its part for the issuance of the Bonds or Senior Obligations and the adoption of this Trust Agreement has been duly and effectively taken; and that such Bonds or Senior Obligations in the hands of the Holders thereof are and will be valid and enforceable special obligations of the District enforceable according to their terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and usual equitable principles.

**Section 703. Compliance with Covenants Conditions and Agreements in Trust Agreement.** The District covenants that, so long as any Senior Obligations are Outstanding, it shall comply with each and every covenant, condition and agreement in this Trust Agreement, any Series Agreements and such Senior Obligations. Each such covenant, condition and agreement in the Series Agreements and the Senior Obligations is hereby incorporated by reference and made a part of this Trust Agreement with the same effect intended as though the text of each such covenant, condition and agreement were set forth in this Trust Agreement as express covenants, conditions and agreements of the District.

**Section 704. Limitations on Indebtedness.** The District covenants and agrees that it will not after the Effective Date, issue any Additional Bonds or incur any other Senior Obligations if, after giving effect to all other Indebtedness incurred by the District, such Indebtedness could not be incurred pursuant to this Section 704. Any Additional Senior Obligations and Subordinate Obligations may be incurred only in the manner and pursuant to the terms set forth in this Section 704.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Trustee:

(i) an Officer's Certificate of a District Representative certifying that the Long-Term Debt Service Coverage Ratio for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the certificate of the District Representative for which there are Financial Statements available, adjusted for revenues and expenses resulting from anticipated new customers and any planned program of rate increases that has been approved by the Commission, taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than one hundred twenty percent (120%); or

(ii) an Officer's Certificate of a District Representative certifying that the District is expected to comply with the Rate Covenant set forth in Section 705 of this Trust Agreement for the five Fiscal Years following the date of issuance of the proposed Long-Term Indebtedness. Such certificate shall be accompanied by a statement of the relevant assumptions upon which such pro forma Financial Statements for the District are based including, but not limited to, adjustments to revenues and expenses resulting from anticipated new customers and any planned program of rate increases that has been approved by the Commission; or

(iii) if the Long-Term Indebtedness is authorized for any purpose other than the refunding of the outstanding Senior Obligations, an Officer's Certificate of a District Representative to the effect, and to the extent applicable, that in his or her opinion (a) the improvements or property to which the proceeds from the issuance of the Long-Term Indebtedness are to be applied will be a part of the Wastewater System, (b) the proceeds of the Long-Term Indebtedness and other specified sources will be sufficient to pay the estimated cost of such improvements or property, (c) the period of time which will be required to complete such improvements or acquire such property, and (d)(1) the proceeds of the Long-Term Indebtedness are necessary to complete the project to be financed thereby, (2) the failure to make such improvements or acquire or construct such property will result in an interruption or reduction of Net Revenues, or (3) during the first two Fiscal Years following the completion of the improvements or the acquisition of the property, the projected Net Revenues will satisfy the Rate Covenant in Section 705 hereof. In providing this certificate, the District Representative may take into consideration future Wastewater System rate increases, provided that such rate increases have been duly approved by the Commission and any other person and entity required to give approval for the rate increase to become effective. In addition, he or she may take into consideration additional future revenues of the Wastewater System to be derived under then existing contractual

agreements entered into by the District and from reasonable estimates of growth in the customer base of the District; or

(iv) an Officer's Certificate of a District Representative certifying compliance with the Rate Covenant set forth in Section 705 of this Trust Agreement for the most recent period of twelve (12) full consecutive calendar months for which there are Financial Statements available preceding the date of delivery of the certificate.

(b) Long-Term Indebtedness may be incurred for the purpose of refunding Outstanding Long-Term Indebtedness if either (i) a certificate of an independent financial advisor to the effect that, the Long-Term Indebtedness issued to refund Outstanding Senior Obligations will have, in the aggregate, a lower Long-Term Debt Service Requirement than the Long-Term Debt Service Requirement on the Senior Obligations to be refunded with the proceeds thereof, or (ii) an Officer's Certificate of a District Representative to the effect that during the first two complete Fiscal Years following the issuance of the refunding Long-Term Indebtedness, the projected Net Revenues will satisfy the Rate Covenant in Section 705 hereof. In providing the certificate described in this clause (b), the Officer's Certificate may take into account the factors described in the last two sentences of subsection (a)(iii) of this Section. In addition, the Trustee shall receive an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and application of the proceeds thereof (on the Cross-over Date, in the case of Cross-over Refunding Indebtedness), the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding.

(c) Short-Term Indebtedness may be incurred as a Senior Obligation subject to the same tests that apply to the incurrence of Senior Obligations generally; provided, however, that notwithstanding such limitation, the District may incur as a Senior Obligation from time to time and have outstanding at any one time Short-Term Indebtedness in an amount up to 10% of its Total Operating Revenues as reflected in the Financial Statements of the District for the most recent period of twelve consecutive months for which Financial Statements are available and provided, further, that the District may incur Short-Term Indebtedness secured by a Credit Facility without limitation. Short-Term Indebtedness may be incurred as Subordinate Obligations without compliance with the tests that apply to the incurrence of Senior Obligations.

(d) Additional VRA Obligations may be incurred by the District subject to the delivery of an Officer's Certificate of a District Representative demonstrating compliance with Sections 704(a) or (b) and 705(a) hereof, *provided, however*, anything in this Trust Agreement notwithstanding, the District may make such additional covenants in a supplemental resolution, financing agreement or other agreement authorizing and securing a VRA Obligation as may be required by VRA as a condition of purchasing such VRA Obligations.

(e) Subordinate Obligations may be incurred without limitation.

(f) For purposes of demonstrating compliance with the incurrence test set forth in subsection (a) of this Section 704, the District may (but is not required to) elect in the applicable Series Agreement to treat all or any Senior Obligations authorized in a Credit Facility (including, for example and without limitation, a self-liquidity arrangement provided by the District, a line of credit or a liquidity facility supporting a commercial paper program), but not immediately issued



or incurred under such Credit Facility, as subject to such incurrence test as of a single date, notwithstanding that none, or less than all, of the authorized principal amount of such Senior Obligations shall have been issued or incurred as of such date.

(g) Notwithstanding the foregoing provisions of this Section 704, nothing herein contained shall preclude the District from incurring any obligation under a Credit Facility.

**Section 705. Rate Covenant.** (a) The District covenants and agrees that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the Wastewater System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues will equal at least 120% of the Principal and Interest Requirements. If, for any reason, the Net Revenues are insufficient to satisfy the foregoing covenant, the District shall within one hundred twenty (120) days adjust and increase its rates, fees and other charges (to the extent permitted by the Enabling Act), or reduce its operating and maintenance expenses so as to provide sufficient Net Revenues to satisfy such requirement.

(b) If at any time the District fails to comply with its Rate Covenant in subsection (a) of this Section 705, the District shall immediately notify the Trustee, such notice also containing an Officer's Certificate of a District Representative as to (i) the amount of the deficiency in Net Revenues that existed for the applicable period and the rates, fees and other charges which must be established by the District to cure such deficiency, and (ii) during the Fiscal Year in which the certificate is delivered, the projected Net Revenues will satisfy the Rate Covenant made by the District in subsection (a) of this Section, or, if not, the rates, fees and other charges the District must establish to satisfy such rate covenant. In addition, the District shall, to the extent permitted by law, take appropriate action to increase its rates, fees and other charges or reduce its Operating Expenses to cure any deficiency.

(c) On or before the last day of each Fiscal Year, the District shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the District's rates, fees and other charges are insufficient to satisfy the Rate Covenant in subsection (a) of this Section, the District shall promptly take appropriate action to increase its rates, fees and other charges or reduce its operating and maintenance expenses to cure any deficiency.

**Section 706. Designation of Funds.** No later than the last Business Day of each month, the District shall specifically earmark cash, cash equivalents or marketable securities or any combination thereof in an amount equal to the amount of (a) the interest on the Bonds that shall accrue in the next month and (b) the principal of the Bonds that shall accrue in the next month. In computing the amount to be earmarked for any particular month, the District shall take into account any scheduled maturities of interest or principal scheduled to become due and payable in such month and the funds theretofore earmarked for such purpose and may assume that both interest and principal accrue daily from the prior payment date or date of issuance but not more than twelve (12) months prior to a payment date.

**Section 707. Covenants as to Maintenance of Properties, Etc.** The District hereby covenants:

(a) At all times to cause its Property to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this Subsection shall be construed to (i) prevent it from ceasing to operate any portion of its Property, if in its judgment (supported, in the case of such a cessation other than in the ordinary course of business by an opinion or certificate of an Independent Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Commission, useful in the conduct of its business;

(b) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the Commonwealth and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith;

(c) To pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof;

(d) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Indebtedness created and Outstanding hereunder) whose validity, amount or collectability is being contested in good faith;

(e) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness; and

(f) To procure and maintain all necessary licenses and permits for the operation of its Wastewater System;

provided, however, that it need not comply with this Section 707 if and to the extent that its Commission shall have determined in good faith, evidenced by a resolution of the Commission, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

**Section 708. Insurance.** (a) The District agrees that it will maintain, or cause to be maintained, the following types of insurance, subject to the provisions of subsection (b) of this Section, in such amounts as, in its judgment, are adequate to protect it and its Property and

operations from material financial loss: (i) comprehensive general liability insurance and (ii) property coverage on an “all risk” basis.

(b) If the District shall be self-insured (excluding deductibles) for any coverage detailed in paragraph (a) of this Section, the District shall provide the Trustee a report of an Independent Insurance Consultant selected by the District not less than every three (3) years, which report shall state whether the anticipated funding of any self-insurance fund is sufficient, and if not, the required funding to obtain such result, and any such self-insurance coverage shall be reviewed by the Independent Insurance Consultant not less frequently than annually. If the Independent Insurance Consultant determines in any such report that the anticipated funding of any self-insurance fund is not sufficient, the District covenants that it will undertake to fund such self-insurance fund in the manner recommended by the Independent Insurance Consultant.

**Section 709. Insurance and Condemnation Proceeds.** (a) Amounts that do not exceed twenty percent (20%) of the Net Book Value of the Property, Plant and Equipment of the District received by the District as insurance proceeds with respect to any casualty loss or as condemnation awards may be used in such manner as the District may determine, including, without limitation, applying such money to the partial payment or prepayment of any Indebtedness in accordance with the terms thereof and of any pertinent Supplement.

(b) Amounts that exceed twenty percent (20%) of the Net Book Value of the Property, Plant and Equipment of the District received by the District as insurance proceeds with respect to any casualty loss or as condemnation awards shall be applied in such manner as the District may determine; provided, however, that the District shall notify the Trustee and within twelve (12) months after the casualty loss or taking, deliver to the Trustee a written report of an Independent Consultant stating the Independent Consultant’s recommendations, including recommendations as to the use of such proceeds or awards, to cause the Long-Term Debt Service Coverage Ratio for each of the two periods of twelve (12) full consecutive calendar months following the date on which such proceeds or awards are expected to have been fully applied to be not less than one hundred twenty percent (120%), or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, at the highest practicable level.

(c) In determining the disposition of such proceeds, the District agrees that it will take into account the recommendations described in subsection (b) above.

**Section 710. Limitations on Creation of Liens.**

(a) The District agrees that it will not create or suffer to be created or permit the existence of any Lien on Property now owned or hereafter acquired by it or upon its Net Revenues other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) Liens arising by reason of good faith deposits with the District in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the District to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(ii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the District to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iii) Any judgment lien against the District so long as such judgment is being contested in good faith and execution thereon is stayed;

(iv) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days; (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (D) to the extent that it affects title to any Property, this Trust Agreement; and (E) landlord's liens;

(v) Any Lien that was existing on the date of authentication and delivery of the initial Bonds issued under the Original Trust Agreement (October 20, 2011); provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of the District not subject to such Lien on such date or to secure Indebtedness not Outstanding on the date of issuance of such Bonds, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien hereunder;

(vi) Any lien on pledges, gifts or grants to be received in the future including any income derived from the investment thereof;

(vii) Any Lien securing all Senior Obligations on a parity basis;

(viii) Any Liens on Property received by the District through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(ix) Any Lien on moveable equipment securing Indebtedness incurred to purchase such moveable equipment, provided that the total of such Indebtedness does not exceed fifteen percent (15%) of the Net Book Value of the Property, Plant and Equipment of the District as shown on the Financial Statements for the prior Fiscal Year; and

(x) Any Lien on Net Revenues securing Subordinate Obligations; provided that such Lien is expressly subordinate and junior to the Lien on Net Revenues created pursuant to Section 701(a) hereof.

**Section 711. Filing of Financial Statements, Certificate of No Default, Other Information.** The District covenants that it will:

(a) Within thirty (30) days after receipt of the audit report mentioned below but in no event later than one hundred fifty (150) days after the end of each fiscal reporting period for which the Audited Financial Statements are opined upon by independent public accountants, file with the Trustee a copy of the Audited Financial Statements as of the end of such fiscal reporting period, accompanied by the opinion of independent public accountants. Such Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles.

(b) Within thirty (30) days after receipt of the Audited Financial Statements mentioned above, but in no event later than one hundred fifty (150) days after the end of each fiscal reporting period, file with the Trustee an Officer's Certificate stating whether, to the best knowledge of the signers, the District is in default in the performance of any covenant contained in this Trust Agreement and, if so, specifying each such default of which the signers may have knowledge and whether each such default has been corrected. If any default has not been remedied then such Officer's Certificate, to the best knowledge of the signers, shall identify what, if any, corrective action will be taken to cure such default.

(c) If an Event of Default shall have occurred and be continuing, (i) file with the Trustee such other financial statements and information concerning its operations and financial affairs as the Trustee may from time to time reasonably request, excluding specifically personnel records, and (ii) provide access to its facilities for the purpose of inspection by the Trustee during regular business hours or at such other times as the Trustee may reasonably request.

(d) Within thirty (30) days after its receipt thereof, file with the Trustee a copy of each report required by any provision of this Trust Agreement to be prepared by an Independent Consultant.

**Section 712. Annual Budget.** The District covenants that on or before the 1<sup>st</sup> day of the last month preceding the beginning of each Fiscal Year the Commission will adopt a budget of operating and nonoperating revenues and expenses for the ensuing Fiscal Year.

**Section 713. Renewal and Replacement Reserve.** The District covenants that it will establish a reserve to finance anticipated renewals, replacements, extensions, additions and extraordinary repairs of the Wastewater System and that it will reserve in retained earnings and credit to such reserve Net Revenues to the extent needed to finance such anticipated renewals, replacements, extensions, additions and extraordinary repairs.

**Section 714. Further Instruments and Actions.** At the request of the Trustee, the District or the Commission shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Trust Agreement.

(End of Article VII)

## ARTICLE VIII.

### EVENTS OF DEFAULT AND REMEDIES

**Section 801. Events of Default.** Each of the following events is hereby declared an Event of Default:

(a) payment of the purchase price of any Bond shall not be made by the District when the same shall become due and payable; or

(b) payment of any installment of interest on any Bond shall not be made by the District when the same shall become due and payable; or

(c) payment of the principal of any Bond shall not be made by the District when the same shall become due and payable, whether at maturity or by acceleration or otherwise; or

(d) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any agreement supplemental hereto, including any covenant, condition, agreement or provision in this Trust Agreement applicable to the District and incorporated by reference in this Trust Agreement pursuant to Section 703 of this Trust Agreement, and such default shall continue for thirty (30) days after receipt by the District of a written notice from the Trustee specifying such default and requiring the same to be remedied; provided, however, if prior to the expiration of such thirty-day period the District institutes action reasonably designed to cure such default, no Event of Default shall be deemed to have occurred upon the expiration of such thirty-day period for so long as the District pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time.

**Section 802. Remedies.** Upon the happening and continuance of an Event of Default specified in Section 801 of this Trust Agreement, the Trustee may take the following remedial steps: (i) in the case of an Event of Default described in Section 801(a), (b) or (c) hereof, the Trustee may take whatever action at law or in equity is necessary or desirable to collect the payments then due under this Trust Agreement or the Bonds; and (ii) in the case of an Event of Default described in Section 801(d) of this Trust Agreement, the Trustee may take whatever action at law or in equity is necessary or desirable to enforce performance, observance or compliance by the District with any covenant, condition, agreement or provision under this Trust Agreement.

When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

**Section 803. Acceleration of Maturities.** Upon the happening and continuance of any Event of Default specified in Section 801 of this Trust Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the District, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such

declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Trust Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, money shall have accumulated in or shall have been paid into the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bond not then due and payable by its terms and the interest accrued on such Bond since the last Interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Trust Agreement (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds not then due and payable by their terms (Bonds then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

**Section 804. Enforcement of Remedies.** Upon the happening and continuance of any Event of Default specified in Section 801 of this Trust Agreement, then and in every such case the Trustee may proceed and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall proceed, subject to the provisions of Section 902 of this Trust Agreement, to protect and enforce its rights and the rights of the Holders under the laws of the Commonwealth or under this Trust Agreement 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 chosen by the Trustee, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming and remaining due from the District for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Bonds, together with interest on overdue payments of principal at the rate or rates of interest payable on any Bonds Outstanding and all costs and expenses of collection and of all proceedings hereunder, without prejudice to any other right or remedy of the Trustee or of the Holders and to recover and enforce any judgment or decree against the District, but solely as provided herein, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

**Section 805. Pro-Rata Application of Funds.** Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Bond Fund shall not be sufficient to pay the interest on or the principal of Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 803 of this Trust Agreement), such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, subject to the provisions of Section 905 of this Trust Agreement, as follows:

(a) if the principal of all Bonds shall not have become or shall not have been declared due and payable, all such money in the Bond Fund shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Trust Agreement), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of Article III of this Trust Agreement.

(b) If the principal of all Bonds shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due upon the Bonds without preference to the persons entitled thereto, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 803 of this Trust Agreement, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by the Trustee at such times and from time to time, as the Trustee in



its sole discretion shall determine, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future; the setting aside of such money, in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the District, to any Holder or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee 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 date shall cease to accrue. The Trustee shall give notice by first class mail, postage prepaid, to all Holders of the fixing of any such date, and shall not be required to make payment to the Holder of any Bonds until such Bonds shall be surrendered to the Bond Registrar for cancellation if fully paid.

**Section 806. Effect of Discontinuance of Proceedings.** If any proceeding taken by the Trustee or Holders on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case, the District, the Trustee and the Holders 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 proceeding had been taken.

**Section 807. Control of Proceedings by Holders.** The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, subject to the provisions of Section 902 of this Trust Agreement, by an instrument or concurrent instruments 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 be in accordance with law and the provisions of this Trust Agreement.

**Section 808. Restrictions upon Actions by Individual Holders.** Except as provided in Section 813 of this Trust Agreement, no Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless such Holder 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, and unless also the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have made a 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 proceedings in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities (including attorney's fees, costs and expenses) to be incurred therein or thereby, and 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 Trust Agreement or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders hereunder. It is understood and intended that, except

as otherwise above provided, no one (1) or more Holders shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, 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 Holders and that any individual rights of action or other right given to one or more of such Holders by law are restricted by this Trust Agreement to the rights and remedies herein provided.

**Section 809. Enforcement of Rights of Action.** All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof in any 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 hereby secured, and any recovery of judgment shall be for the equal benefit of the Holders.

**Section 810. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

**Section 811. Waivers.** No delay or omission by the Trustee or of any Holder in the exercise of any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power or remedy given by this Trust Agreement to the Trustee and to the Holders may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any rights of the Trustee hereunder, but such waiver shall not waive any subsequent Event of Default or impair any rights or remedies consequent thereon.

**Section 812. Notice of Default.** The Trustee shall mail to all Holders at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default set forth in Section 801 of this Trust Agreement within thirty (30) days after the Trustee shall have actual notice of the same, pursuant to the provisions of Section 908 of this Trust Agreement; provided that, except upon the happening of an Event of Default specified in clauses (a), (b) or (c) of Section 801 of this Trust Agreement, the Trustee may withhold such notice to the Holders if in its opinion such withholding is in the interest of the Holders; and provided further that the Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any such notice.

**Section 813. Right to Enforce Payment of Bonds Unimpaired.** Nothing in this Article shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on such Holder's Bond or the obligation of the District to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond expressed.

**Section 814. Enforcement of the Bonds.** The Trustee may enforce all obligations of the District under this Trust Agreement for and on behalf of the Holders, whether or not the District is in default hereunder.

(End of Article VIII)

## ARTICLE IX.

### CONCERNING THE TRUSTEE AND THE BOND REGISTRAR

**Section 901. Acceptance of Duties.** The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement, to all of which the District, and the respective Holders agree. Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. During the existence of any such Event of Default that has not been cured the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs:

No provision of this Trust Agreement or any Bond shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any other Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement and the Trustee shall not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee, and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Trust Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of or the Holders of not less than a majority, as this Trust Agreement shall require, in aggregate principal amount of Bonds then Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Trust Agreement.

None of the provisions contained in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

**Section 902. Indemnification of Trustee as Condition for Remedial Action.** The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the acceleration of the maturity date of any or all Bonds) under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the District, at the request of the Trustee, shall reimburse the Trustee from the revenues of the District, for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the District shall fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

**Section 903. Limitations on Obligations and Responsibilities of Trustee.** The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the District, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Trust Agreement, the Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Trust Agreement, or in respect of the validity of Bonds or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the District, the Bond Registrar, any Independent Insurance Consultant, any depositary other than the Trustee acting as a depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

**Section 904. Trustee Not Liable for Failure of District to Act.** The Trustee shall not be liable or responsible because of the failure of the District or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the District or because of the loss of any money arising through the insolvency or the act or default or omission of any depositary other than the Trustee acting as a depositary in which such money shall have been deposited under the provisions of this Trust Agreement. The Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

**Section 905. Compensation and Indemnification of Trustee and Bond Registrar.**

Subject to the provisions of any contract between the District and the Trustee or the Bond Registrar relating to the compensation of the Trustee or the Bond Registrar, the District shall pay to pay to the Trustee and the Bond Registrar reasonable compensation for all services performed by them hereunder and also all their reasonable expenses, charges and other disbursements and those of their attorneys, agents and employees incurred in and about the administration and the performance of their powers and duties hereunder and shall indemnify and save the Trustee and the Bond Registrar harmless against any liabilities that they may incur in the proper exercise and performance of their powers and duties hereunder. If the District shall fail to cause any payment required by this Section to be made, the Trustee or the Bond Registrar may make such payment from any money in their possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The District covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Trustee or the Bond Registrar to make any such payment, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the District in connection therewith.

**Section 906. Monthly Statements from Trustee.** It shall be the duty of the Trustee, on or before the fifteenth (15th) day of each month, to file with the District, a statement setting forth in respect of the preceding calendar month:

- (a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Trust Agreement,
- (b) the amount on deposit with it at the end of such month in each such fund or account,
- (c) a brief description of all obligations held by it as an investment of money in each such fund or account, and
- (d) any other information that the District may reasonably request.

It shall also be the duty of the Trustee to file with the District an annual statement summarizing such monthly statements which statement shall include, as to each investment transaction, the information required under the heading "Record Keeping" in the Tax Certificate.

In addition, on the anniversary date specified in the Tax Certificate for each issue of the Bonds, the Trustee shall file with the District the information required by the District or its bond counsel or arbitrage compliance service to determine the Rebate Requirement as set forth in the Tax Certificate.

All records and files pertaining to the Bonds and the District in the custody of the Trustee shall be open at all reasonable times to the inspection of the District and its agents and representatives.

**Section 907. Trustee May Rely on Certificates.** If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Trustee may conclusively rely

upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the District to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any District Representative, and the Trustee may accept and conclusively rely upon a certificate signed by any District Representative as to any action taken by the District.

**Section 908. Notice of Default.** Except upon the happening of any Event of Default specified in clauses (a), (b) and (c) of Section 801 of this Trust Agreement, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Trust Agreement, unless a Responsible Officer is specifically notified in writing of such Event of Default by the District or the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding.

**Section 909. Trustee Not Responsible for Recitals.** The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the District and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

**Section 910. Trustee Protected in Relying on Certain Documents.** The Trustee shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Trust Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, or upon the written opinion of any attorney, engineer or accountant, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement or otherwise to the giving to any person of notice of the provisions hereof.

**Section 911. Trustee May Pay Taxes and Assessments.** In case the District shall fail to pay or cause to be paid any tax, assessment or governmental or other charge upon any part of the District, to the extent, if any, that the District shall be deemed by the Trustee liable for same, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Holders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the District from funds made available by the District, but the Trustee shall be under no obligation to make any such payment from sources provided in this Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

**Section 912. Resignation and Removal of Trustee Subject to Appointment of Successor.** No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 915 of this Trust Agreement.

**Section 913. Resignation of Trustee.** Subject to the provisions of Section 912 of this Trust Agreement, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the District, and mailed, postage prepaid, at the Trustee's expense, to each Holder, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

**Section 914. Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, (i) executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the District, or (ii) so long as no Event of Default shall have occurred and be continuing, an instrument executed by the District, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument or instruments filed with the District under the provisions of this paragraph, duly certified by any District Representative as having been received by the District, shall be delivered promptly by the District to the Trustee.

The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the District or the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding.

**Section 915. Appointment of Successor Trustee.** If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the District shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law or effected by merger or consolidation, provided that such vendee, assignee, transferee or surviving entity is (a) (i) is a bank or trust company which is duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, (ii) is in good standing, and (iii) has a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) or (b) is a subsidiary trust company under the Trust Subsidiary Act, Title 6.2, Article 3, Code of Virginia, 1950, as amended, whose parent state bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.2-1056 of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus and undivided profits, together with that of its parent state bank or bank holding company, as the case may be, is not less than \$50,000,000.

The District shall mail notice of any such appointment made by it, postage prepaid, to all Holders. At any time within one (1) year after any such vacancy shall have occurred, the Holders of not less than a majority in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the District, may nominate a successor Trustee, which the District shall appoint and which shall supersede any



Trustee theretofore appointed by the District. Photographic copies, duly certified by any District Representative as having been received by the District, of each such instrument shall be delivered promptly by the District to the predecessor Trustee and to the Trustee so appointed by the Holders.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within sixty (60) days after the Trustee's giving notice of its resignation or upon the effective date of the removal of the Trustee, any Holder hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee hereafter appointed shall (a) (i) be a bank or trust company which is duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, (ii) be in good standing and (iii) have a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) or (b) be a subsidiary trust company under the Trust Subsidiary Act, Title 6.2, Article 3, Code of Virginia, 1950, as amended, whose parent state bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.2-1056 of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus and undivided profits, together with that of its parent state bank or bank holding company, as the case may be, is not less than \$50,000,000.

**Section 916. Vesting of Duties in Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the District, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the District and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905 of this Trust Agreement, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the District be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the District.

**Section 917. Removal and Resignation of Bond Registrar.** The Bond Registrar may be removed at any time, with or without cause, by the District upon forty-five (45) days' written notice by the District to the Bond Registrar. A copy of such written notice shall be delivered promptly by the District to the Trustee. Upon receipt of such notice the Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Holders not fewer than thirty (30) days before such removal is to take effect.

The Bond Registrar may resign and thereby become discharged from the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement, by written notice delivered to the District and the Trustee not fewer than seventy-five (75) days before such resignation is to take

effect. Upon receipt of such notice the Trustee shall cause notice of such resignation to be mailed, postage prepaid, at the Bond Registrar's expense, to the Holders not fewer than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Registrar hereunder if such new Bond Registrar shall be appointed before the time limited by such notice and shall then accept the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. If at any time thereafter the Bond Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be taken over by any governmental official, agency, department or board, the position of Bond Registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant for any reason, the District shall, within thirty (30) days after it receives notice of such vacancy, appoint a bank or trust company to fill such vacancy. A successor Bond Registrar shall not be required if the Bond Registrar shall sell or assign substantially all of its business and the vendee or assignee shall be qualified in the sole judgment of the District to carry out the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. The District shall promptly deliver written notice of any such appointment by it to the Trustee and mail such notice, postage prepaid, to all Holders.

No resignation or removal of the Bond Registrar shall take effect until a successor Bond Registrar shall have been appointed and accepted its duties hereunder.

**Section 918. Additional Provisions Concerning the Trustee.**

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed with due care.

(b) The Trustee may consult with counsel, and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(c) The Trustee shall not be accountable for the use or application of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Trust Agreement.

(d) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default.

(e) Before taking any action under this Trust Agreement relating to an event of default or in connection with its duties under this Trust Agreement other than making payments of the principal, redemption price, if any, and purchase price of and interest on the Bonds as they become due or causing an acceleration of the Bonds whenever required by this Trust Agreement, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all costs and expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except

liability which is adjudicated to have resulted from its gross negligence or willful misconduct in connection with any action so taken.

(f) Notwithstanding the effective date of this Trust Agreement or anything to the contrary in this Trust Agreement, the Trustee shall have no liability or responsibility for any act or event relating to this Trust Agreement which occurs prior to the date the Trustee formally executes this Trust Agreement and commences acting as Trustee hereunder.

(g) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(h) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Trust Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(i) The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement or any other document reasonably relating to the Bonds sent by the District by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the District shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District assumes all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(End of Article IX)

## ARTICLE X.

### EXECUTION OF INSTRUMENTS BY HOLDERS, PROOF OF OWNERSHIP OF BONDS, AND DETERMINATION OF CONCURRENCE OF HOLDERS

**Section 1001. Execution of Instruments by Holders.** Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Holder may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and the District with regard to any action taken by any of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 206 of this Trust Agreement.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Holder shall bind every future Holder of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any person as a Holder or to take any action at his request unless such Bonds shall be deposited with it.

**Section 1002. Preservation of Information; Communications to Holders.** (a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Trustee from the Bond Registrar.

(b) If three (3) or more Holders (hereinafter collectively referred to as “applicants”) apply in writing to the Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Trust Agreement or under the Bonds and such application is accompanied by a copy of the form of communication which such applicants propose to transmit, then the Trustee shall, within five (5) Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with subsection (a) of this Section 1002, or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Trustee in accordance with subsection (a) of this Section 1002, and as to the approximate cost of mailing to such Holders the form of communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder whose name and address appears in the information preserved at the time by the Trustee in accordance with subsection (a) of this Section 1002 a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Holder, by receiving and holding one (1) or more Bonds, agrees with the District and the Trustee that neither the District nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with subsection (b) of this Section 1002, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

(End of Article X)

## ARTICLE XI.

### SUPPLEMENTAL TRUST AGREEMENTS

**Section 1101. Supplemental Trust Agreements without Consent of Holders.** The District and the Trustee may, from time to time and at any time, without the consent of or notice to any of the Holders, enter into such agreements supplemental hereto as shall be substantially consistent with the terms and provisions of this Trust Agreement:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or

(b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Trustee, or

(c) to add to the provisions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the District in this Trust Agreement other covenants and agreements thereafter to be observed by the District or to surrender any right or power herein reserved to or conferred upon the District, or

(e) to permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the District so determines, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) to provide for the issuance of Bonds under a book-entry system, or

(g) to make any other change in this Trust Agreement that, in the judgment of the District, expressed in a resolution of the Commission, and the Trustee, each of which may rely upon a written Opinion of Counsel, shall not materially and adversely affect the Holders of the Bonds of each series that shall be affected by such supplement.

**Section 1102. Modification of Trust Agreement with Consent of Holders.** Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the District and the acceptance by the Trustee of such trust agreement or trust agreements supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension

of the maturity of the principal of or the interest on any Bonds issued hereunder without the consent of the Holders of such Bonds, or (b) a reduction in the principal amount of any Bonds or the rate of interest thereon without the consent of the Holders of such Bonds, or (c) the creation of a pledge of receipts and revenues superior to the pledge created by this Trust Agreement without the consent of the Holders of all Bonds Outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds Outstanding, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement without the consent of the Holders of all Bonds Outstanding. Nothing contained in this Section 1102, however, shall be construed as making necessary the approval by the Holders of the adoption and acceptance of any supplemental trust agreement as authorized in Section 1101 hereof.

If at any time the District shall request the Trustee to enter into any supplemental trust agreement for any of the purposes of this Section, the Trustee shall, at the expense of the District, cause notice of the proposed execution of such supplemental trust agreement to be mailed, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the Corporate Trust Office of the Trustee for inspection by all Holders. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section.

Whenever, at any time after the date of the mailing of such notice, the District shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such supplemental trust agreement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding at the time of the execution of such supplemental trust agreement shall have consented to and approved the execution thereof as herein provided, no Holder shall have any right to object to the adoption of such supplemental trust agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the District and the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental trust agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the District, the Trustee and all Holders shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

**Section 1103. Exclusion of Bonds.** At the time of any consent or other action taken under this Article, Article VIII, Article IX or Article XII of this Trust Agreement, the District shall furnish the Trustee a certificate signed by a District Representative, upon which the Trustee may

rely, describing all Bonds to be excluded, consistent with the definition of “Outstanding” in Section 101 of this Trust Agreement.

**Section 1104. Responsibilities of Trustee and the District under this Article.** The Trustee and the District shall be entitled to exercise their discretion in determining whether or not any proposed supplemental trust agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the District, the rights and interests of the Holders, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the District or to any Holder or to anyone whomsoever for its refusal in good faith to execute any such supplemental trust agreement if such trust agreement is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental trust agreement.

(End of Article XI)



## **ARTICLE XII.**

### **DEFEASANCE**

#### **Section 1201. Release of Trust Agreement.**

(a) When the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement and the whole amount of the principal and the interest so due and payable upon all Bonds shall be paid, and (b) if the Bonds shall not have become due and payable in accordance with their terms, the Trustee or the Bond Registrar shall hold, sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all Bonds then Outstanding to the maturity date or dates of such Bonds and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the District, then and in that case the right, title and interest of the Trustee in the funds and accounts mentioned in this Trust Agreement shall thereupon cease, determine and become void and, on demand of the District and upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of this Trust Agreement have been satisfied, the Trustee shall release this Trust Agreement and shall execute such documents to evidence such release as may reasonably be required by the District and shall turn over to the District any surplus in, and all balances remaining in, all funds and accounts. Otherwise, this Trust Agreement shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Trustee or the Bond Registrar as hereinabove provided, (i) the Trustee shall nevertheless retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal and interest for which such Defeasance Obligations have been deposited, and (ii) the Bond Registrar shall retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds.

All money and Defeasance Obligations held by the Trustee (or the Bond Registrar) pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

(End of Article XII)

## ARTICLE XIII.

### MISCELLANEOUS PROVISIONS

**Section 1301. Effect of Dissolution of the District.** In the event the District for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the District shall bind or inure to the benefit of the successor or successors of the District from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term “District” as used in this Trust Agreement shall include such successor or successors.

**Section 1302. Manner of Giving Notice.** All notices, demands and requests to be given to or made hereunder by the District or the Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

- (a) As to the District—

Hampton Roads Sanitation District  
P.O. Box 5000  
1434 Air Rail Avenue  
Virginia Beach, Virginia 23455  
Attention: General Manager/Chief Executive Officer

- (b) As to the Trustee—

The Bank of New York Mellon Trust Company, N.A.  
500 Ross Street, 12<sup>th</sup> Floor  
Pittsburgh Pennsylvania, 15262  
Attention: Corporate Trust Department

- (c) As to the Bond Registrar—

The Bank of New York Mellon Trust Company, N.A.  
500 Ross Street, 12<sup>th</sup> Floor  
Pittsburgh Pennsylvania, 15262  
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Trustee under the provisions of this Trust Agreement, or photographic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 1201 of this Trust Agreement, subject at all reasonable times to the inspection of the District and any Holder and the agents and representatives thereof.

**Section 1303. Substitute Mailing.** If, because of the temporary or permanent suspension of postal service, the District or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the District or the Trustee shall give notice in such other manner as in the judgment of the District or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

**Section 1304. Parties, Bond Registrar and Holders Alone Have Rights under Trust Agreement.** Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Trustee, the Bond Registrar, the District and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the District, the Bond Registrar and the Holders.

**Section 1305. Effect of Partial Invalidity.** In case any one or more of the provisions of this Trust Agreement or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or the Bonds, but this Trust Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or this Trust Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Commission or the District to the full extent permitted by law.

**Section 1306. Effect of Covenants.** All covenants, stipulations, obligations and agreements of the District contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent permitted by the Constitution and laws of the Commonwealth. This Trust Agreement is adopted with the intent that the laws of the Commonwealth shall govern its construction.

**Section 1307. No Recourse Against Members, Officers or Employees of Commission or District.** No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Trust Agreement, or in any Bond hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Commission or the District 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, shall be had against any member, officer or employee, as such, of the Commission or the District, either directly or through the Commission or the District, respectively, or otherwise, for the payment for or to, the Commission or the District or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid 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, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Commission or the District or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Bonds.

**Section 1308. Expenses Payable under Trust Agreement.** All expenses incurred in carrying out this Trust Agreement, except those expenses incurred by the Bond Registrar or Trustee in mailing resignation notices, shall be payable solely from funds derived by the District from the operation of its Wastewater System. Anything in this Trust Agreement to the contrary notwithstanding, the performance by the District of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the District for all warranties and other covenants herein shall be limited solely to the money and revenues received from the payments by the District in respect to the Bonds and this Trust Agreement, and from money attributable to the proceeds of Bonds, or the income from the investment thereof; and the District shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such money, revenues, proceeds, and payments.

**Section 1309. Dealing in Bonds.** The Trustee and the Bond Registrar and their directors, officers, employees or agents may in good faith, buy, sell, own, hold and deal in any Bonds issued under the provisions of this Trust Agreement and may join in any action which any Holder may be entitled to take with like effects as if such Trustee were not a Trustee and such bank or trust company were not the Bond Registrar under this Trust Agreement.

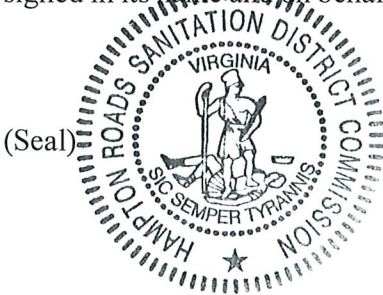
**Section 1310. Multiple Counterparts.** This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

**Section 1311. Headings.** Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

**Section 1312. Further Authority.** The officers of the Commission or the District, attorneys, engineers and other agents or employees of the Commission or the District are hereby authorized to do all acts and things required of them by this Trust Agreement and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Trust Agreement.

(End of Article XIII)

IN WITNESS WHEREOF, the Hampton Roads Sanitation District has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on behalf by its duly authorized officer, all as of the date first written above.



HAMPTON ROADS SANITATION DISTRICT

By: [Signature]  
Deputy General Manager and Chief Financial  
Officer  
Hampton Roads Sanitation District

Attest:

By: [Signature]  
Secretary  
Hampton Roads Sanitation District Commission

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, as Trustee

By: \_\_\_\_\_  
Vice President

(Seal)

**IN WITNESS WHEREOF**, the Hampton Roads Sanitation District has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on behalf by its duly authorized officer, all as of the date first written above.

HAMPTON ROADS SANITATION DISTRICT

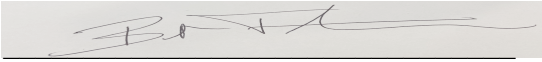
(Seal)

By: \_\_\_\_\_  
Deputy General Manager and Chief Financial  
Officer  
Hampton Roads Sanitation District

Attest:

By: \_\_\_\_\_  
Secretary  
Hampton Roads Sanitation District Commission

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, as Trustee

By:   
Vice President

(Seal)

**VRA Obligations**

Sewer Revenue Bond, dated July 29, 2005 (Army Base Treatment Plant Project), as amended on January 9, 2013

Sewer Revenue Bond, dated June 22, 2006 (Atlantic Wastewater Treatment Plant Project), as amended on January 9, 2013 and November 19, 2021

Sewer Revenue Bond, dated June 22, 2006 (Colonial Williamsburg Pump Station Project), as amended on January 9, 2013 and November 19, 2021

Sewer Revenue Bond, dated December 17, 2008 (York River Wastewater Treatment Plant Project), as amended on January 15, 2015

Wastewater Revenue Bonds, Series 2009, dated May 28, 2009 (Nansemond Treatment Plant Project), as amended on September 11, 2015, February 17, 2022, and August 31, 2023

Wastewater Revenue Bonds, Series 2009, dated November 20, 2009 (James River Treatment Plant Project), as amended on September 11, 2015, February 17, 2022, and August 31, 2023

Wastewater Revenue Bonds, Series 2009, dated December 18, 2009 (Interceptor System Metering Project), as amended on September 11, 2015, February 17, 2022, and August 31, 2023

Wastewater Revenue Bonds, Series 2010, dated June 29, 2010 (Army Base Wastewater Treatment Plant Project), as amended on August 31, 2016 and January 30, 2020

Wastewater Revenue Bonds, Series 2010, dated June 29, 2010 (Boat Harbor Treatment Project), as amended on August 31, 2016 and January 30, 2020

Wastewater Revenue Bonds, Series 2010, dated June 29, 2010 (Williamsburg Oxidation Towers Project), as amended on August 31, 2016 and August 31, 2023

Wastewater Revenue Bond, Series 2012, dated March 13, 2012 (Atlantic Treatment Plant: Digester Gas to Energy Project), as amended on January 30, 2020 and November 19, 2021

Wastewater Revenue Bond (Atlantic Treatment Plant Project), dated August 10, 2017

Wastewater Revenue Bond (Ferguson Park Interceptor Project), dated August 10, 2017

Wastewater Revenue Bond (Lucas Creek Interceptor Project), dated October 26, 2017

Wastewater Revenue Bond (Rodman Avenue Pump Station Project), dated November 29, 2017

Wastewater Revenue Bond (Boat Harbor Treatment Plant Switchgear and Controls Replacements), dated March 20, 2019

Wastewater Revenue Bond (Orcutt Avenue and Mercury Boulevard Gravity Sewer Improvements), dated March 20, 2019

Wastewater Revenue Bond (Deep Creek Project), dated November 21, 2019

Wastewater Revenue Bond (Huxley – Middle Ground Project), dated November 21, 2019

Wastewater Revenue Bond (Treatment Plant Project), dated November 21, 2019

Wastewater Revenue Bond (2020 CIP Project), dated June 11, 2020

Wastewater Revenue Bond (2022 Eastern Shore Project), dated April 29, 2022

Wastewater Revenue Bond (2022 CIP Project), dated April 29, 2022

Wastewater Revenue Bond (2024 CIP Project), dated May 30, 2024



**Initial Bonds**

Wastewater Revenue Bonds, Series 2016A, dated March 17, 2016

Wastewater Revenue Bonds, Series 2016B, dated April 1, 2016

Wastewater Revenue Bonds Refunding Series 2017A, dated December 19, 2017

Wastewater Revenue Bonds Series 2018A, dated February 6, 2018

Wastewater Revenue Bonds Refunding Series 2019A (Federally Taxable), dated October 2, 2019

Wastewater Revenue Bond, Series 2020 (Federally Taxable), dated September 28, 2020

Wastewater Revenue Bond, Series 2021 (Federally Taxable), dated September 9, 2021

Wastewater Revenue Bonds, Refunding Series 2024A, dated May 23, 2024