

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2020 Bonds will not be includable in gross income for federal income tax purposes. Interest on the Series 2020 Bonds is not required to be included as an item of tax preference for purposes of computing “alternative minimum taxable income”. Interest on the Series 2020 Bonds is not exempt from Illinois income taxes. See “Tax Exemption” herein.



\$500,000,000
ILLINOIS FINANCE AUTHORITY
STATE OF ILLINOIS CLEAN WATER INITIATIVE
REVOLVING FUND REVENUE BONDS,
SERIES 2020 (GREEN BONDS)



Dated: Date of Delivery

Principal Due: January 1 and July 1,
as shown on inside cover

The State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (Green Bonds) (the “*Series 2020 Bonds*”), are being issued under a Master Trust Agreement dated as of November 1, 2013 (the “*Master Agreement*”) between the Authority and Amalgamated Bank of Chicago, an Illinois State banking corporation, as master trustee (the “*Master Trustee*”), as heretofore supplemented and amended, and as further supplemented by the Fifth Supplemental Master Trust Agreement dated as of December 1, 2020, between the Authority and the Master Trustee (the “*Fifth Supplemental Master Trust Agreement*”; the Master Agreement as supplemented and amended from time to time is referred to as the “*Master Trust Agreement*”). All Bonds (as defined herein) issued under the Master Trust Agreement, including the Series 2020 Bonds, are limited obligations of the Illinois Finance Authority (the “*Authority*”), payable solely from (i) the payments, revenues and receipts derived from the Pledged Agreements (as defined herein) (but excluding payments of Loan Support Fees), and (ii) any other funds held by the Master Trustee under the Master Trust Agreement. The Series 2020 Bonds are being issued on a parity basis with the outstanding Series 2013 Bonds, Series 2016 Bonds, Series 2017 Bonds and Series 2019 Bonds (each as defined herein). Additional Indebtedness (as defined herein) may be issued pursuant to the Master Trust Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS—Pledged Agreements”.

Proceeds from the sale of the Series 2020 Bonds will be used (i) to fund loans made by the Illinois Environmental Protection Agency (“*IEPA*”) to units of local government in the State of Illinois (the “*State*”) to finance eligible wastewater treatment and sanitary sewerage facilities and drinking water facilities and (ii) to pay costs of issuance, all as more fully described herein. See “PLAN OF FINANCE” herein.

The Series 2020 Bonds will be issued only as fully registered book-entry bonds in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered under a global book-entry system in the name of Cede & Co., as the nominee of The Depository Trust Company (“*DTC*”), New York, New York. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM” herein. Interest on the Series 2020 Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2021. The Series 2020 Bonds are subject to extraordinary mandatory, optional and mandatory sinking fund redemption prior to maturity, as described herein.

The Series 2020 Bonds are limited obligations of the Authority. The principal of and premium, if any, and the interest thereon are payable solely from revenues pledged under the Master Trust Agreement, and funds available under the Master Trust Agreement. The Series 2020 Bonds do not constitute an indebtedness of the Authority, IEPA, the State or any political subdivision thereof, within the purview of any constitutional provision or statutory limitation. The Authority is obligated to pay the principal of and interest on the Series 2020 Bonds only from the revenues pledged pursuant to the Master Trust Agreement. Neither the full faith and credit nor the taxing powers, if any, of the Authority, IEPA, the State or any political subdivision thereof is pledged to the payment of the principal of and interest on the Series 2020 Bonds. The Authority has no taxing power.

The Series 2020 Bonds are offered when, as and if issued, and subject to the approving legal opinion of Katten Muchin Rosenman LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its counsel, Schiff Hardin LLP, Chicago, Illinois; for the Underwriters by their co-counsel, Chapman and Cutler LLP, Chicago, Illinois and Burke Burns & Pinelli, Ltd., Chicago, Illinois; and for IEPA by its Chief Legal Counsel. It is expected that the Series 2020 Bonds will be issued and available for delivery through DTC on or about December 30, 2020.

CITIGROUP
Academy Securities
Janney Montgomery Scott

Loop Capital Markets

RAMIREZ & Co., INC.
Cabrera Capital Markets, LLC
Mesirow Financial, Inc.

\$500,000,000
ILLINOIS FINANCE AUTHORITY
STATE OF ILLINOIS CLEAN WATER INITIATIVE REVOLVING FUND REVENUE BONDS
SERIES 2020 (GREEN BONDS)

MATURITY SCHEDULE

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	PRICE	CUSIP [†] BASE: 45204F
7/1/2021	\$ 3,475,000	5.00%	0.13%	102.446	ES0
1/1/2022	5,980,000	5.00	0.15	104.857	ET8
7/1/2022	6,360,000	5.00	0.16	107.261	EU5
1/1/2023	7,135,000	5.00	0.18	109.631	EV3
7/1/2023	7,700,000	5.00	0.19	112.004	EW1
1/1/2024	8,385,000	5.00	0.24	114.233	EX9
7/1/2024	8,880,000	5.00	0.25	116.555	EY7
1/1/2025	8,430,000	5.00	0.27	118.818	EZ4
7/1/2025	8,860,000	5.00	0.30	121.005	FA8
1/1/2026	10,180,000	5.00	0.33	123.152	FB6
7/1/2026	10,660,000	5.00	0.40	125.011	FC4
1/1/2027	11,120,000	5.00	0.42	127.120	FD2
7/1/2027	11,750,000	5.00	0.50	128.756	FE0
1/1/2028	12,560,000	5.00	0.55	130.528	FF7
7/1/2028	13,040,000	5.00	0.62	132.061	FG5
1/1/2029	13,180,000	5.00	0.69	133.500	FH3
7/1/2029	14,025,000	5.00	0.74	135.043	FJ9
1/1/2030	14,630,000	5.00	0.78	136.619	FK6
7/1/2030	15,170,000	5.00	0.83	138.028	FL4
1/1/2031	15,600,000	5.00	0.88	139.366	FM2
7/1/2031	14,395,000	5.00	0.93*	138.789	FN0
1/1/2032	12,800,000	4.00	1.08*	127.615	FP5
7/1/2032	11,540,000	4.00	1.12*	127.181	FQ3
1/1/2033	12,380,000	4.00	1.18*	126.533	FR1
7/1/2033	13,540,000	4.00	1.22*	126.103	FS9

\$29,520,000 5.00% Term Bonds due July 1, 2034; Yield 1.12%*; Price 136.618; CUSIP[†]: 45204F FT7
\$20,365,000 5.00% Term Bonds due July 1, 2035; Yield 1.16%*; Price 136.167; CUSIP[†]: 45204F FU4
\$10,745,000 4.00% Term Bonds due July 1, 2035; Yield 1.36%*; Price 124.611; CUSIP[†]: 45204F FV2
\$31,660,000 5.00% Term Bonds due July 1, 2036; Yield 1.20%*; Price 135.717; CUSIP[†]: 45204F FW0
\$36,925,000 4.00% Term Bonds due July 1, 2037; Yield 1.44%*; Price 123.768; CUSIP[†]: 45204F FX8
\$43,455,000 4.00% Term Bonds due July 1, 2038; Yield 1.48%*; Price 123.349; CUSIP[†]: 45204F FY6
\$29,465,000 4.00% Term Bonds due July 1, 2039; Yield 1.52%*; Price 122.932; CUSIP[†]: 45204F FZ3
\$16,610,000 4.00% Term Bonds due July 1, 2040; Yield 1.56%*; Price 122.516; CUSIP[†]: 45204F GA7
\$9,480,000 4.00% Term Bonds due July 1, 2041; Yield 1.60%*; Price 122.102; CUSIP[†]: 45204F GB5

[†] CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Series 2020 Bonds and neither the Authority nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the Series 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2020 Bonds.

* Yield calculated to the January 1, 2031, first optional redemption date.

REGARDING THIS OFFICIAL STATEMENT

Citigroup Global Markets Inc., Ramirez & Co. Inc., Academy Securities, Inc., Cabrera Capital Markets, LLC, Janney Montgomery Scott LLC, Loop Capital Markets LLC and Mesirow Financial, Inc. (collectively, the “*Underwriters*”) have included the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series 2020 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the State, the Authority or IEPA. This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities other than the original offering of the Series 2020 Bonds or an offer to sell or solicitation of offers to buy, nor will there be any sale of the Series 2020 Bonds, by any person in any jurisdiction where such offer or solicitation or sale would be unlawful.

The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or IEPA since the date hereof. To the extent that any statements made in this Official Statement involve matters of forecasts, projections, opinions, assumptions or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized.

The Series 2020 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has passed upon the accuracy or adequacy of this Official Statement or approved the Series 2020 Bonds for sale.

In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market prices of the Series 2020 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

ILLINOIS FINANCE AUTHORITY

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Vice President Water Policy Lisa Bonnett
General Counsel Elizabeth Fleming Weber
Manager of Finance and AdministrationXimena Granda
Vice President Loans and Guarantees Charles Myart

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MANAGEMENT PERSONNEL

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Deputy Director Todd Rettig
Chief of Staff Laura Roche
Chief Legal Counsel Charles Gunnarson
Chief Financial Officer/Acting Water Revolving Fund ManagerJacob Poeschel
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\$500,000,000
ILLINOIS FINANCE AUTHORITY
STATE OF ILLINOIS CLEAN WATER INITIATIVE REVOLVING FUND REVENUE BONDS,
SERIES 2020 (GREEN BONDS)

INTRODUCTION

The following information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed a determination of relevance, materiality or relative importance and this Official Statement, including the cover page and Appendices, should be read in its entirety. The offering of the Series 2020 Bonds to potential investors is made only by means of this entire Official Statement.

Certain capitalized terms used in this Official Statement, unless otherwise defined in this Official Statement, have the meanings set forth in APPENDIX A — “Definitions and Summary of Certain Provisions of the Master Trust Agreement”.

PURPOSE OF THE OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices attached hereto, provides information in connection with the offer and sale by the Illinois Finance Authority (the “*Authority*”), a body politic and corporate, duly organized and validly existing under the laws of the State of Illinois (the “*State*”), of its \$500,000,000 State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (Green Bonds) (the “*Series 2020 Bonds*”).

AUTHORITY FOR THE SERIES 2020 BONDS

The Series 2020 Bonds are being issued by the Authority pursuant to the Illinois Finance Authority Act, 20 ILCS 3501 (the “*Authority Act*”); an authorizing resolution adopted by the Authority on November 10, 2020 (the “*Bond Resolution*”); and a Master Trust Agreement, dated as of November 1, 2013 (the “*Master Agreement*”) between the Authority and Amalgamated Bank of Chicago, an Illinois State banking corporation, as master trustee (the “*Master Trustee*”), as supplemented and amended by the First Supplemental Master Trust Agreement dated as of November 1, 2013, the Second Supplemental Master Trust Agreement dated as of September 1, 2016, the Third Supplemental Master Trust Agreement dated as of September 1, 2017, the Fourth Supplemental Master Trust Agreement dated as of April 1, 2019, and the Fifth Supplemental Master Trust Agreement dated as of December 1, 2020, each between the Authority and the Master Trustee (the “*Fifth Supplemental Master Trust Agreement*”; the Master Agreement as supplemented and amended from time to time is referred to herein as the “*Master Trust Agreement*”).

The Series 2020 Bonds are the fifth series of bonds issued under and secured by the Master Trust Agreement and will be secured on a parity basis with the currently outstanding \$19,320,000 aggregate principal amount of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2013, of the Authority (the “*Series 2013 Bonds*”), \$402,635,000 aggregate principal amount of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2016, of the Authority (the “*Series 2016 Bonds*”), \$504,165,000 aggregate principal amount of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2017, of the Authority (the “*Series 2017 Bonds*”), \$441,565,000 aggregate principal amount of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2019

(Green Bonds), of the Authority (the “*Series 2019 Bonds*”) and such other Bonds or other Additional Indebtedness of the Authority as may be issued under the Master Trust Agreement in the future. After the issuance of the Series 2020 Bonds, Bonds will be Outstanding under the Master Trust Agreement in the aggregate principal amount of \$1,867,685,000, consisting of the Outstanding Bonds and the Series 2020 Bonds. The Outstanding Bonds, the Series 2020 Bonds and any bonds in one or more series, relating to the Clean Water Program or the Drinking Water Program, or both, issued and secured by the Master Trust Agreement are collectively referred to herein as “*Bonds*”. The Master Trust Agreement also permits the Authority, under certain terms provided therein, to secure by the Revenues on a parity basis other indebtedness in addition to the Bonds (the “*Additional Indebtedness*”). See APPENDIX A — “Definitions and Summary of Certain Provisions of the Master Trust Agreement — Issuance of Additional Indebtedness”.

PURPOSE OF THE SERIES 2020 BONDS

The proceeds of the Series 2020 Bonds will be used to (i) fund loans made by the Illinois Environmental Protection Agency (“*IEPA*”) to units of local government in the State to finance eligible wastewater treatment and sanitary sewerage facilities and drinking water facilities and (ii) pay costs of issuance of the Series 2020 Bonds, all as more fully described herein. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS

The Series 2020 Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are limited obligations of the Authority secured by the Master Trust Estate as defined and described herein. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Master Trust Estate”.

In connection with the execution and delivery of the Master Agreement and the issuance of the Series 2013 Bonds, certain loan agreements (“*Agreements*”) were assigned by IEPA to the Authority pursuant to an Assignment of Loans dated as of December 5, 2013, as supplemented and amended (the “*Original Assignment Agreement*”), and have been pledged to the Master Trustee pursuant to the Master Trust Agreement to secure payment of the Outstanding Bonds, the Series 2020 Bonds and any Additional Indebtedness. The Original Assignment Agreement has been amended and restated from time to time and will be further amended and restated by a Fourth Amended and Restated Assignment of Loans dated as of December 1, 2020, from the IEPA to the Authority to provide for the assignment to the Authority of certain additional Agreements and the Loans made thereunder, as described under the caption “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Pledged Agreements” (the Original Assignment Agreement, as so amended and restated and as hereafter supplemented, amended or restated being referred to herein as the “*Assignment Agreement*”). All of the Agreements so assigned as described above and pledged to the Master Trustee pursuant to the Master Trust Agreement as of the date of issuance of the Series 2020 Bonds (the “*Currently Pledged Agreements*”) secure payment of the Bonds and any other Additional Indebtedness. A summary of the general characteristics of the Currently Pledged Agreements is contained under the caption “PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Characteristics of Currently Pledged Agreements”. Following the issuance of the Series 2020 Bonds, additional Pledged Agreements may be (i) added to the Master Trust Estate and pledged to the payment of the Bonds, particularly in connection with the issuance of Bonds or other Additional Indebtedness, or (ii) substituted for then-existing Pledged Agreements (including the Currently Pledged Agreements). In addition, Pledged Agreements (including the Currently Pledged Agreements) may be prepaid, restructured or released from the lien of the Master Trust Agreement in accordance with the terms of the Master Trust Agreement, as described under “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Release and Substitution of

Pledged Agreements; Projected Asset Coverage Ratio” and “STATE OF ILLINOIS SRF PROGRAMS—Restructuring of Loans” below and in APPENDIX A — “Definitions and Summary of Certain Provisions of the Master Trust Agreement—Pledged Agreements”.

The Series 2020 Bonds are not general obligations of the Authority but are payable on a parity basis with the Outstanding Bonds and any Additional Indebtedness issued in the future solely from all amounts payable to the Authority pursuant to the Pledged Agreements (but excluding payment of Loan Support Fees), and all investment earnings on moneys available to pay debt service on the Bonds (the “Revenues”) or other amounts pledged under the Master Trust Agreement. The Series 2020 Bonds are secured by the Revenues. The Series 2020 Bonds shall never constitute an indebtedness of the Authority within the meaning of any constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS”.

SRF PROGRAMS

The Water Revolving Fund held by the State Treasurer (the “Water Revolving Fund”) funds the loans described herein through (i) the Water Pollution Control Loan Program (the “Clean Water Program”) established under authority granted in the Water Quality Act of 1987, which amended the Clean Water Act of 1972 (as amended, the “Clean Water Act”) and (ii) the Public Water Supply Loan Program (the “Drinking Water Program” and collectively with the Clean Water Program, the “SRF Programs”) established under authority granted in the Federal Safe Drinking Water Act Amendments of 1996 (the “Safe Drinking Water Act”). The SRF Programs are operated by the IEPA.

As of December 1, 2020, IEPA had made 1,001 loans pursuant to the Clean Water Program, and had 637 Clean Water Program loans outstanding totaling approximately \$3.329 billion. As of December 1, 2020, IEPA had made 706 loans pursuant to the Drinking Water Program, and had 584 Drinking Water Program loans outstanding totaling approximately \$1.427 billion. These loans have been financed by federal capitalization grants, State matching funds, loan repayments under the SRF Programs and proceeds of obligations previously issued by the Authority to leverage available loan funds. See “STATE OF ILLINOIS SRF PROGRAMS” herein. As of December 1, 2020, the Currently Pledged Agreements represented approximately 84.86% of the aggregate principal amount of the outstanding Clean Water Program and Drinking Water Program loans.

The Master Trust Agreement was executed and delivered, the Outstanding Bonds were issued, and the Series 2020 Bonds are being issued as part of the State’s “Clean Water Initiative to Expand Funding for Wastewater and Drinking Water Projects for Illinois Communities” which, among other things, promoted the SRF Programs to potential participants.

Information concerning SRF Programs for State fiscal year 2019 are presented in APPENDIX B-1—“State of Illinois Environmental Protection Agency Financial Audit Fund 270 – Water Revolving Fund For The Year Ended June 30, 2019”. The audited financial statements related to the SRF Programs for State fiscal year 2020 have not been completed. Certain unaudited financial information (the “Unaudited Financial Information”) with respect to the SRF Programs for State fiscal year 2020 is presented in APPENDIX B-2—“Water Revolving Fund – Unaudited Financial Information.” The Unaudited Financial Information has been submitted to the Illinois Office of the Auditor General for audit and remains subject to its review. The Unaudited Financial Information is therefore subject to change.

LIMITED OBLIGATIONS

The Series 2020 Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not now and shall never constitute an indebtedness or an obligation of the Authority, the State or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Pledged Agreements and the funds and accounts under the Master Trust Agreement. No owner of the Series 2020 Bonds shall have the right to compel the exercise of the taxing power, if any, of the Authority, the State or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Series 2020 Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

INVESTMENT CONSIDERATIONS

Each prospective purchaser of the Series 2020 Bonds should read this Official Statement in its entirety. A prospective purchaser of the Series 2020 Bonds should be aware that there are certain investment considerations associated with the Series 2020 Bonds. Information regarding such considerations, including considerations related to the Novel Coronavirus 2019 (“*COVID-19*”) pandemic, are set forth under “INVESTMENT CONSIDERATIONS” herein.

ADDITIONAL INFORMATION

This Official Statement contains brief descriptions of the SRF Programs, the Currently Pledged Agreements, the Participants, the Series 2020 Bonds, the Master Trust Agreement, the Authority, IEPA and certain other matters. All references herein to any document are qualified by the terms of such document in its entirety.

STATE OF ILLINOIS SRF PROGRAMS

FEDERAL STATUTORY FRAMEWORK

The Clean Water Act provides for the establishment of state revolving fund loan programs, the funds of which are to be used to provide financial assistance to various entities in connection with the construction of systems for the storage, treatment, recycling and reclamation of sewage and certain other qualified water pollution control projects. The Clean Water Act requires, as a condition for the receipt of certain federal financial assistance, that each state establish a state revolving loan fund to receive the proceeds of federal capitalization grants. As part of the Clean Water Act, states are also required to provide state matching funds equal to twenty percent (20%) of each federal capitalization grant to receive capitalization grants from the United States Environmental Protection Agency (the “*EPA*”) for Clean Water Program Projects. See “—STATE MATCH PORTION/CLEAN WATER PROGRAM PORTIONS AND DRINKING WATER PROGRAM PORTIONS,” below. The Clean Water Program satisfies the criteria of the Clean Water Act and entitles IEPA to receive capitalization grants from EPA for Clean Water Program Projects.

The Safe Drinking Water Act provides for the establishment of state revolving fund loan programs, the funds of which are used to provide financial assistance to various units of local governments and certain private community water suppliers in connection with the construction of qualified drinking water projects. Under each state revolving fund loan program, a state revolving loan fund is created to receive federal capitalization grants and, as in the case of the Clean Water Act, states are required to provide state matching

funds equal to twenty percent (20%) of each federal capitalization grant made under the Safe Drinking Water Act. See “—STATE MATCH PORTION/CLEAN WATER PROGRAM PORTIONS AND DRINKING WATER PROGRAM PORTIONS,” below. The Drinking Water Program satisfies the criteria of the Safe Drinking Water Act and entitles IEPA to receive capitalization grants from EPA for Drinking Water Program Projects.

The State created the Clean Water Program in 1988 to implement the provisions of Title VI of the Clean Water Act. The Clean Water Program is administered by IEPA pursuant to the Illinois Environmental Protection Act, as supplemented and amended (the “*State Act*”). The Clean Water Program was established as a revolving fund to accept federal capitalization grants and the required twenty percent (20%) State Match (as herein defined) for the purpose of making low interest loans (“*CWSRF Loans*”) to units of local government (“*Clean Water Participants*”) to finance the construction of wastewater treatment works. IEPA operated the Clean Water Program as a direct loan program from its inception until 2002, when the Authority first issued obligations to leverage available loan funds. As of December 1, 2020, IEPA had made 1,001 CWSRF Loans to Clean Water Participants totaling approximately \$6.635 billion, approximately \$3.329 billion of which are currently outstanding.

In response to the Safe Drinking Water Act, the State Act was amended in 1996 to establish the Drinking Water Program within the Water Revolving Fund. The Drinking Water Program is administered by IEPA pursuant to the State Act to accept federal capitalization grants and the required twenty percent (20%) State Match for the purpose of making low interest loans (“*DWSRF Loans*” and collectively with CWSRF Loans, the “*Loans*”) to units of local government and certain private community water suppliers (“*Drinking Water Participants*” and together with Clean Water Participants, as applicable, the “*Participants*”) to finance the construction of drinking water facilities. IEPA operated the Drinking Water Program as a direct loan program from its inception until 2002, when the Authority first issued obligations to leverage available loan funds. As of December 1, 2020, IEPA had made 706 DWSRF Loans to Drinking Water Participants totaling approximately \$2.520 billion, approximately \$1.427 billion of which are currently outstanding.

No payment defaults have occurred with respect to any of the Loans. During the last year, certain payments due with respect to outstanding Loans (consisting of 11 CWSRF Loan payments and 27 DWSRF payments) were not made within 15 days of the due date therefor. See “PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Payment Delinquencies with Respect to Pledged Agreements” herein.

Federal law allows for the cross-collateralization of the assets of the Clean Water Program and the Drinking Water Program. The SRF Program has been structured to provide cross-collateralization through the Master Trust Agreement. See “STATE OF ILLINOIS SRF PROGRAMS—Cross Collateralization”.

The Clean Water Act and the Safe Drinking Water Act currently authorize the federal government to provide annual funding for the Water Revolving Fund, in the form of appropriations that provide federal capitalization funding for the SRF Programs. There can be no assurance that continued funding by the federal government for the SRF Programs will be appropriated and if so appropriated, will be appropriated at current levels.

The following table presents certain historical funding sources for the Clean Water Program and the Drinking Water Program. References to the Federal Fiscal Year in the following table and throughout this Official Statement mean the annual period beginning on October 1 of a calendar year through September 30 of the next succeeding calendar year.

**Historical Funding Sources
Illinois SRF Programs
as of December 1, 2020**

FEDERAL FISCAL YEARS	CLEAN WATER CAPITALIZATION GRANTS	STATE MATCH ⁽¹⁾
1988-1995	\$ 435,000,000	\$ 87,000,000
1996-1997	145,000,000	29,000,000
1998-2005	504,606,990	100,921,398
2006-2007 partial	40,159,515	8,031,903
2007-2009	109,402,360	21,880,472
2010	92,149,000	18,429,800
2011	66,784,000	13,356,800 ⁽²⁾
2012	63,919,000	12,783,800 ⁽²⁾
2013	60,382,000	12,076,400 ⁽²⁾
2014	63,411,000	12,682,200 ⁽³⁾
2015	63,087,000	12,617,400 ⁽³⁾
2016	60,428,000	12,085,600 ⁽⁴⁾
2017	55,962,000	11,992,400 ⁽⁴⁾
2018	72,591,000	14,518,200 ⁽⁵⁾
2019	71,861,000	14,372,200 ⁽⁶⁾
2020	71,871,000	14,374,200 ⁽⁶⁾
Totals	\$1,976,613,865	\$396,122,773

FEDERAL FISCAL YEARS	DRINKING WATER CAPITALIZATION GRANTS	STATE MATCH ⁽¹⁾
1998-2005	\$265,062,900	\$ 53,012,580
2006	33,566,500	6,713,300
2007	33,567,000	6,713,400
2008	33,226,000	6,645,200
2009	33,226,000	6,645,200
2010	51,230,000	10,246,000
2011	35,549,000	7,109,800 ⁽²⁾
2012	34,209,000	6,841,800 ⁽²⁾
2013	31,786,000	6,357,200 ⁽²⁾
2014	36,911,000	7,382,200 ⁽³⁾
2015	36,668,000	7,333,600 ⁽³⁾
2016	34,690,000	6,938,000 ⁽⁴⁾
2017	34,393,000	6,878,600 ⁽⁴⁾
2018	41,908,000	8,381,600 ⁽⁵⁾
2019	41,516,000	8,303,200 ⁽⁶⁾
2020	41,542,000	8,308,400 ⁽⁶⁾
Totals	\$819,050,400	\$163,810,080

- (1) Prior to 2011, the State Match was funded from appropriations from the General Revenue Fund of the State or from the proceeds of the sale of State general obligation bonds.
- (2) State Match was funded from proceeds of the Series 2013 Bonds.
- (3) State Match was provided from a transfer of Loan Support Fees into the SRF Programs.
- (4) State Match was funded from proceeds of the Series 2016 Bonds.
- (5) A small portion of State Match (\$98,392 with respect to the Clean Water Program and \$68,141 with respect to the Drinking Water Program) was funded from proceeds of the Series 2016 Bonds, and the balance was funded by a transfer of Loan Support Fees into the SRF Programs.
- (6) Reflects the IEPA's use of the State Match portion of the Series 2019 Bonds for capitalization grants received during 2019 and 2020.

None of the proceeds of the Series 2020 Bonds will be used to fund the State Match. The remaining proceeds of the State Match portion of the Series 2019 Bonds will be used to fund a portion of the State Match for federal fiscal year 2021. The State has appropriated funds from the State's Anti-Pollution Bond Fund in the amount of \$100 million to be used to fund the remainder of the State Match for federal fiscal

year 2021, as well as the estimated State Match for federal fiscal years 2022 through 2025. The IEPA expects to receive \$46 million of such amount from the State by the end of calendar year 2020.

STATE MATCH PORTION/CLEAN WATER PROGRAM PORTIONS AND DRINKING WATER PROGRAM PORTIONS

The EPA requires states to keep the accounting and financial records for each program established under the Clean Water Act and the Safe Drinking Water Act separate. In addition, under the Clean Water Act and Safe Drinking Water Act, states are required to provide matching funds equal to twenty percent (20%) of the amount received in federal capitalization grants for each such program (the “*State Match*”). As a result of these requirements, any particular maturity of Bonds and any particular Bond may be comprised of both a Clean Water Program portion and a Drinking Water Program portion, and each such portion may be further subdivided into a “State Match Portion” and a “Leveraged Portion”. None of the proceeds of the Series 2020 Bonds will be used to fund the State Match, and, as such there will not be a State Match Portion of the Series 2020 Bonds.

The Clean Water Act and the Safe Drinking Water Act prohibit the use of principal repayments on the Pledged Agreements or federal capitalization grant proceeds to repay a State Match obligation. As a result, the principal repayments received under the Pledged Agreements shall be used to pay amounts due on the Leveraged Portions of the Bonds and the interest payments received under the Pledged Agreements and investment earnings shall be used to pay amounts due on the State Match Portion of the Bonds. Any remaining interest payments received under the Pledged Agreements and investment earnings which were not needed to satisfy the debt service due on the State Match Portion may be used along with principal repayments under the Pledged Agreements to pay the debt service due on the Leveraged Portions of the Bonds. Subject to the cross-collateralization provisions of the Master Trust Agreement, the Master Trust Agreement requires that principal payments received under the Clean Water Program portion of the Pledged Agreements and investment earnings on the Clean Water Program only be used to pay the debt service due on the Clean Water Program portions of the Bonds. Likewise, the Master Trust Agreement requires the principal payments received under the Drinking Water portion of the Pledged Agreements and investment earnings on the Drinking Water Program only be used to pay the debt service due on the Drinking Water Program portions of the Bonds.

While the Clean Water Act and Safe Drinking Water Act require segregation of accounts and separate accounting for the moneys, funds, revenues and expenditures associated with the Clean Water Program and Drinking Water Program, federal law allows for cross-collateralization of the assets of the Clean Water Program and Drinking Water Program. The SRF Program has been structured to provide cross-collateralization of assets through the Master Trust Agreement. See “STATE OF ILLINOIS SRF PROGRAMS-Cross Collateralization”.

LOAN APPLICATION PROCESS; LOAN MONITORING

While there are slight differences between the Clean Water Program and the Drinking Water Program, the Loan application processes are similar. In order to qualify for funding from a SRF Program, a project must be listed on IEPA’s Project Priority Lists of eligible water quality projects and eligible drinking water projects (each, a “*Priority List*”), which sets forth the projects expected or proposed to receive financial assistance under the SRF Programs. Each project is ranked on the applicable Priority List based on its Loan Priority Score (“*LPS*”) calculated by the IEPA. For Clean Water Program projects, the LPS is calculated by assigning points to a project in accordance with applicable Illinois law. The points system assigns priority to projects which fulfill the objectives of the Clean Water Act and the priorities of the IEPA. Points are given for issues such as violations and enforcement compliance, unsewered

communities and consolidation, water quality improvement, protection of assets, conservation and green infrastructure, readiness to proceed, economic factors and population. The LPS for projects in the Drinking Water Program is calculated by assigning points to a project in accordance with applicable Illinois law. The points system assigns priority to projects that fulfill the objectives of the Safe Drinking Water Act and the priorities of the IEPA. Points are given for issues such as compliance and water quality, protection of water source, protection of assets, conservation and green infrastructure, readiness to proceed, economic factors and population.

Once a project is placed on the applicable Priority List, the potential Participant must file an application with IEPA for financial assistance for such project. The application is reviewed by IEPA to determine that the proposed project addresses the needs identified in the approved plan; compliance with regulatory and statutory requirements; project administration, which determines if the project is eligible for funding in accordance with state and federal regulations; environmental aspects; and financial capability, which analyzes an applicant's ability to repay the Loan. IEPA determines whether, and on what terms and conditions, financial assistance will be provided.

Potential Participants must dedicate and pledge a source of revenue sufficient to provide for the payment of operation and maintenance expenses of the system to be improved, all annual debt service payments (including Loan Repayments) and renewal and replacement costs. In the case of a loan secured by taxes of the Participant, there must be dedicated and pledged a source of tax collections sufficient to make Loan Repayments. Prior to approval of the Loan application, the IEPA will review the proposed source of revenue or taxes to assure that it will generate funds sufficient to meet these requirements and provide a continuing source of funds adequate to make Loan repayments for the term of the Loan. All necessary legislative enactments of the Participant to dedicate and pledge the source of revenue or taxes must be in place before any Loan disbursement. Each Participant shall, for the term of its Loan, review and adjust the dedicated source of revenue or taxes as necessary to provide sufficient funds to meet the requirements described above.

Once a Loan is made, IEPA produces invoices and Loan payments are remitted by the Participant to the Master Trustee. IEPA receives semiannual repayments throughout the year. To the extent IEPA does not receive a Loan repayment, it sends a formal notice of delinquency promptly if a payment is more than 15 days in arrears. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Flow of Funds".

The IEPA has established a new database to monitor the financial condition of Participants after Loans are made in order to improve financial forecasting. The IEPA receives annual audited financial statements from Participants, and enters certain information from these financial statements into its database. This process allows the IEPA to (i) identify variances from expected results, (ii) forecast future results and (iii) detect early signals of deterioration in financial position of Participants.

A summary of the general characteristics of the Currently Pledged Agreements is set forth under the caption "PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Characteristics of Currently Pledged Agreements".

LOAN PAYMENTS; LOAN SUPPORT FEES NOT PLEDGED TO BONDS

The Clean Water Program and the Drinking Water Program are operated in a similar manner. Currently, the only set-asides being utilized by IEPA in connection with federal capitalization grants for either Program are an allowable 4% set-aside for administrative expenses as well as a portion of an allowable 2% small system technical assistance set-aside for the Drinking Water Program, which IEPA expects to continue. The State Match Portion for each Program has been funded from a variety of sources,

including appropriations from the General Revenue Fund of the State, proceeds of the sale of State general obligation bonds, Loan Support Fees and the proceeds of obligations previously issued by the Authority. Each Participant in the Clean Water Program and the Drinking Water Program is required to enter into a loan agreement with IEPA (an “*Agreement*”), obligating the Participant to repay amounts disbursed under the Agreement and interest and the Loan Support Fees (as defined below). See “STATE OF ILLINOIS SRF PROGRAMS”.

Generally, the repayment period for a Loan cannot exceed the lesser of (i) 20 years beyond the date as of which the financed project began operation (the “*Initiation of Operation Date*”), (ii) 20 years beyond the initiation of the loan repayment period (the “*Initiation of Loan Repayment Date*”) or (iii) the projected useful life of the project financed with proceeds of the Loan. However, for local governmental units qualifying for the Small Community Rate or the Hardship Rate (each as described below), the 20 year periods from either the Initiation of Operation Date or the Initiation of Loan Repayment Date may be extended to 30 years. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Pledged Agreements.”

IEPA assigns to each Loan a fixed rate of interest determined at the time a Loan is made to a Participant equal to the Base Loan Rate, a Small Community Rate or the Hardship Rate (each as hereinafter defined and, collectively, the “*Fixed Loan Rates*”), each subject to the Environmental Impact Discount (as defined and described below). If the Participant does not qualify for a Small Community Rate or the Hardship Rate, the applicable Fixed Loan Rate is the rate computed annually using the mean interest rate of the 20-Bond General Obligation Index, as published weekly by *The Bond Buyer*, from July 1 to June 30 of the preceding State fiscal year rounded to the nearest one hundredth of a percent and multiplied by 50 percent (the “*Base Loan Rate*”). There is no statutory maximum and no statutory minimum Base Loan Rate. The Base Loan Rate for the period beginning July 1, 2020 and ending June 30, 2021 is 1.35% for each of the Clean Water Program and the Drinking Water Program. See “PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Characteristics of Currently Pledged Agreements.”

Amendments to the administrative rules governing the SRF Programs that became effective July 1, 2017 (the “*Rule Amendments*”) provide for interest rates lower than the Base Loan Rate for Loans made to certain small or economically challenged local governmental units. Participants in the Clean Water Program and the Drinking Water Program with a service population less than 25,000 that also have (i) a median household income less than the statewide average, (ii) an unemployment rate greater than the statewide average, or (iii) an annual user charge, based upon the average monthly bill of the Participant’s residential customers, that is greater than 1.0% of the median household income of the Participant’s service population, qualify for a fixed loan rate equal to 75% of the Base Loan Rate described above (the “*Small Community Rate*”). Participants in the Clean Water Program and the Drinking Water Program with a service population less than 10,000 that also have (i) a median household income below 70% of the statewide average, (ii) an unemployment rate at least 3.0% greater than the statewide average, or (iii) an annual user charge, based upon the average monthly bill of the Participant’s residential customers, that is greater than 1.5% of the median household income of the Participant’s service population, qualify for a fixed loan rate of 1.0% (the “*Hardship Rate*”).

Further, Participants may receive a 0.2% discount from the applicable Fixed Loan Rate (the “*Environmental Impact Discount*”), where at least 50% of the eligible project costs fund (i) new projects for the collection or treatment of unsewered communities, (ii) projects involving nutrient removal or nutrient loss reduction, (iii) green infrastructure projects, (iv) projects lowering water demand, (v) projects reducing energy demands at a wastewater treatment facility or a public water supply or (vi) projects involving the removal or replacement of lead in water mains or service lines.

There are several Participants and potential future participants in the SRF Programs with service populations small enough to qualify for a Small Community Rate or the Hardship Rate at the time the Loans are made, as previously described. As of December 1, 2020, (i) 13 Clean Water Program Loans with a total principal amount outstanding of \$9,700,945, and 8 Drinking Water Program Loans with a total principal amount outstanding of \$4,900,588 have received a Hardship Rate and (ii) 23 Clean Water Program Loans with a total principal amount outstanding of \$123,198,867 and 45 Drinking Water Program Loans with a total principal amount outstanding of \$25,478,990 have received a Small Community Rate. Of the 36 Clean Water Program Loans receiving either the Hardship Rate or a Small Community Rate, 12 have opted for a 30-year loan term. Of the 53 Drinking Water Program loans receiving either the Hardship Rate or a Small Community Rate, eight have opted for a 30-year loan term.

The Authority and the IEPA can give no assurance as to how many additional Loans financed under Pledged Agreements will be assigned the Small Community Rate or Hardship Rate. Pledged Agreements and Loans financed thereunder must conform to the Master Trust Agreement provisions described under “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS—Pledged Agreements” and “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS—Release and Substitution of Pledged Agreements; Projected Asset Coverage Ratio” and in APPENDIX A — “Definitions and Summary of Certain Provisions of the Master Trust Agreement—Pledged Agreements”.

The Fixed Loan Rate is comprised of an interest portion and a Loan support portion (the “*Loan Support Fees*”). Under the State Act, the Loan Support Fees can be no higher than 50% of the applicable Fixed Loan Rate. The Loan Support Fees for all outstanding Pledged Agreements are currently equal to 50%, the maximum rate, of the applicable Fixed Loan Rate established for such Pledged Agreements.

Loan Support Fees are not pledged as security for the Bonds. Each month the Master Trustee transfers all such fees to the IEPA. Loan Support Fees are primarily used by IEPA for clean water and drinking water activities which support the SRF Programs, including administrative expenses for related program activities. The Loan Support Fees are established annually by IEPA.

RESTRUCTURING OF LOANS

The Rule Amendments authorizing a Small Community Rate, the Hardship Rate and the Environmental Impact Discount also authorize the restructuring of Loan Agreements under the SRF Programs upon the written request of a Participant satisfying the requirements of the applicable rule. The IEPA will approve restructuring based on financial and economic considerations that may include, but are not limited to, (i) good cause, (ii) circumstances beyond the control of the Participant applying for restructuring and (iii) the financial hardship the existing Loan imposes on the Participant. Restructured Loan Agreements will bear a fixed loan rate equal to the lesser of the applicable Fixed Loan Rate in the original Loan Agreement or the current applicable Fixed Loan Rate determined as described above under “—Loan Payments; Loan Support Fees Not Pledged to Bonds”. Except in the case of local government units qualifying for a Small Community Rate or the Hardship Rate, the loan repayment period for a restructured loan cannot exceed the lesser of (i) 20 years beyond the Initiation of Operation Date, (ii) 20 years beyond the Initiation of Loan Repayment Date established by the original Loan Agreement, or (iii) the projected useful life of the project financed with proceeds of the original Loan. However, for local governmental units qualifying for the Small Community Rate or Hardship Rate, the 20 year periods from either the Initiation of Operation Date or the Initiation of Loan Repayment Date may be extended to 30 years.

The IEPA policy for authorizing Loan restructuring provides that Loan restructuring will only be approved for Participants that can demonstrate that their existing Loan imposes a financial hardship

jeopardizing the Participant’s ability to repay the Loan on a timely basis. The Loans of Participants experiencing sufficient financial distress to warrant Loan restructuring under this policy may, but are not required to be, removed from the Trust Estate securing the Bonds as described under “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—“Release and Substitution of Pledged Agreements; Projected Asset Coverage Ratio”. In addition, the Master Trust Agreement provides that Pledged Agreements may not be amended, changed, modified, altered or terminated without the written consent of the Authority while the Bonds are outstanding. The Master Trust Agreement provides that the Authority will provide its consent to an amendment, change, modification, alteration or termination of a Pledged Agreement only if the Master Trustee has received the evidence required under the Master Trust Agreement that, taking into account the contemplated amendments, changes, modifications, alterations or terminations of such Pledged Agreements: (i) the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00 and (ii) the resulting Revenues available for the payment of the principal of and interest on the Bonds are reasonably expected to be sufficient to pay the State Match CWSRF Portion, State Match DWSRF Portion, Leveraged CWSRF Portion and Leveraged DWSRF Portion of the principal of and interest due on the Bonds on each Interest Payment Date and at maturity thereof. See APPENDIX A — “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST AGREEMENT – Rights Under Pledged Agreements”.

Since the adoption of the Rule Amendments, 11 Participants applied to restructure their Clean Water Program Loans. The restructuring was approved for 9 of these Participants, one restructuring was denied, and one application for restructuring remains under review. The 9 approved Clean Water Program Loans, totaling \$37,361,256 of principal at the time of restructuring, changed their loan terms from 20 to 30 years. Six of the approved Clean Water Program Loans also received a change in interest rate to the Hardship Rate.

In addition, 9 Participants applied to restructure their Drinking Water Program Loans. The restructuring was approved for seven of these Participants, totaling \$28,568,209 of principal at the time of the restructuring, and two restructuring applications were denied. All seven of the approved Drinking Water Program Loans changed their loan terms from 20 to 30 years. Three of the approved Drinking Water Program loans, also received a change in interest rate to the Hardship Rate, while one received the Small Community Rate of 1.5% at the time of restructuring.

The IEPA can give no assurance as to the number of current or future Participants that will apply for restructuring pursuant to the authorization described herein, however, an application for restructuring does not guarantee that a Participant’s Loan will be restructured.

CROSS COLLATERALIZATION

The Authority may deliver at any time to the Master Trustee an Officer’s Certificate pursuant to which the Authority can direct the transfer of funds or the allocation of liabilities within a Drinking Water Account to a Clean Water Account of any fund or the allocation of liabilities within a Clean Water Account to a Drinking Water Account of any fund so long as such transfer is consistent with the Act, the Water Quality Act and the Safe Drinking Water Act. In addition, any moneys, funds, revenues or other assets in any funds, accounts or subaccounts created by the Master Trust Agreement may be used to pay debt service with respect to any Bonds outstanding pursuant to the Master Trust Agreement (except as limited by the Master Trust Agreement) in a manner consistent with the Act, the Water Quality Act and the Safe Drinking Water Act.

FEDERAL AND STATE REGULATION

The precise nature and extent of future governmental regulation and the resulting impact of such regulation on the operation of each Participant's water or wastewater system cannot now be determined. Each Participant has covenanted in its Agreement to comply with all such governmental regulation. Various other state and federal laws and regulations apply to the operations of the various Participant systems. There is no assurance that there will not be any change in, modified interpretation of, or addition to such applicable laws, provisions, and regulations which could have a material adverse effect, either directly or indirectly, on the operation of such systems.

INVESTMENT POLICY

The proceeds of the Series 2020 Bonds and other funds established under the Master Trust Agreement may be invested by the Authority in accordance with the Illinois Public Funds Investment Act and the terms of the Master Trust Agreement. The Illinois Public Funds Investment Act may change from time to time without notice to or consent from the holders of the Series 2020 Bonds.

PLAN OF FINANCE

The proceeds of the Series 2020 Bonds shall be used to (i) fund loans made by the IEPA to units of local government in the State to finance eligible wastewater treatment and sanitary sewerage facilities and drinking water facilities and (ii) pay for costs associated with the issuance of the Series 2020 Bonds. For further detail, see "SOURCES AND USES OF FUNDS".

GREEN BOND DESIGNATION

The IEPA operates under the auspices of the State Act and several other state statutes, and its mission is to "safeguard environmental quality consistent with the social and economic needs of the State, so as to protect health, welfare, property and the quality of life." Under State law, IEPA is designated as the primary operations agency for purposes of the major federal environmental protection programs that include the SRF Programs. Statutory authority is granted for policy and regulatory development, planning and monitoring, permitting, inspections and enforcement, remedial actions, emergency management, and environmental infrastructure assistance.

The goals of the Clean Water Act and the Safe Drinking Water Act are to improve water quality, protect the environment and public health, and as such, proceeds of the Series 2020 Bonds are statutorily limited to funding projects that are assessed by the State to be environmentally impactful. The State of Illinois' SRF Programs provide a source of low interest loans and other financial assistance to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities that are eligible under the Clean Water Act and the Safe Drinking Water Act.

GREEN BOND DESIGNATION

Consistent with Governor Pritzker's Executive Order No. 6 on climate change and the Authority's announced enhanced focus on sustainable financing/addressing climate change through its Transformation Initiative, the Authority is issuing the Series 2020 Bonds as "Green Bonds" in recognition that the funded projects adhere to the standards of the Clean Water Act and Safe Drinking Water Act. The purpose of labeling the Series 2020 Bonds as Green Bonds is to identify them as such to investors to allow investors

to invest directly in bonds that finance environmentally beneficial projects. Holders of Green Bonds do not assume any additional risk because of the designation of the Series 2020 Bonds as Green Bonds.

Consistent with the “Green Bonds” classification, the proceeds of the Series 2020 Bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the International Capital Market Association’s Green Bond Principles, 2018. Accordingly, the United Nations Sustainable Development Goals No. 6 is Clean Water and Sanitation which includes reducing water pollution and/or improving the quality of drinking waters. The SRF Programs also supports United Nations Sustainable Development Goals No. 9 Industry, Innovation and Infrastructure and United Nations Sustainable Development Goals No. 11 Sustainable Cities and Communities.

As issuer of the Series 2020 Bonds designated as “Green Bonds,” the Authority offers the following information regarding (i) the use of proceeds, (ii) the process for project evaluation and selection, (iii) the management of proceeds, and (iv) reporting on the projects financed.

Use of Proceeds. The federal Clean Water and Safe Drinking Water Acts and State law implementing the SRF Programs limit the use of bond proceeds for the following purposes. The proceeds of the Series 2020 Green Bonds, aside from the portion used to pay the costs associated with the issuance of the Series 2020 Bonds, are being used to fund loans to Participants for projects that meet the eligibility criteria as further described below:

Clean Water Program: The proceeds of the Green Bond may reimburse or fund loans to Participants for projects that include eligible categories such as (i) upgrading of wastewater treatment plants to reduce nutrient (nitrogen and phosphorus) discharges into State surface waters, (ii) eliminating combined sewer overflow discharges into State surface waters through sewer separation projects, off line storage projects and the construction of wet weather treatment processes at wastewater treatment plants, (iii) lining sanitary sewers to minimize groundwater from entering the sewer, and (iv) rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms. Some of the eligible projects will include energy efficiency components.

Drinking Water Program: The proceeds of the Green Bonds may reimburse or fund loans to Participants for projects that include eligible categories such as (i) upgrading water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations, (ii) upgrading water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss, (iii) rehabilitating or replacing groundwater wells to replace contaminated or diminished drinking water sources and improve the efficiency of water treatment and pumping equipment, (iv) replacing or rehabilitating water mains which have exceeded their useful life to reduce the probability of main breakage and/or a water leakage and improve the efficiency of water treatment and pumping equipment, (v) installing or replacing back-up power systems to ensure the delivery of safe and sufficient drinking water supply during power outages, and (vi) consolidating public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Project Evaluation and Selection Process. The IEPA annually prepares Intended Use Plans for the Clean Water Program and the Drinking Water Program that identify projects that are eligible for assistance under the applicable SRF Programs. To qualify for funding, a project must be listed on IEPA’s Priority Lists.

Each Clean Water Program project is ranked on the applicable Priority List based on its LPS in accordance with applicable State law. The points system assigns priority to projects which fulfill the objectives of the Clean Water Act and the priorities of the IEPA. Points are given for issues such as violations and enforcement compliance, unsewered communities and consolidation, water quality improvement, conservation and green infrastructure, economic factors and population.

Each Drinking Water Program project is ranked on the applicable Priority List based on its LPS in accordance with applicable State law. The points system assigns priority to projects which fulfill the objectives of the Safe Drinking Water Act and the priorities of the IEPA. Points are given for issues such as compliance and water quality, protection of water source, conservation and green infrastructure, economic factors and population.

Projects on the applicable Priority List must file an application for financial assistance with the IEPA. The application is reviewed by IEPA to determine that the proposed project addresses the needs identified in the approved plan; is compliant with regulatory and statutory requirements; is eligible for funding in accordance with state and federal regulations; meets all environmental requirements and is creditworthy.

Management of Proceeds. The IEPA is given responsibility to manage and coordinate the various financial components of the SRF programs on a day-to-day basis. The IEPA will track the application of the net proceeds of the Series 2020 Green Bonds and will confirm their use for eligible “green” qualified projects.

The net proceeds of the Series 2020 Bonds will be deposited in the Loan Origination Fund held by the Master Trustee under the Master Trust Agreement, and will be expended only for the purposes of the Clean Water and Drinking Water programs.

Pending such expenditures, the net proceeds held in the Loan Origination Fund may be invested or reinvested in Qualified Investments as may be authorized by law and as may be directed by an Authorized Officer in accordance with the provisions of the Master Trust Agreement. Any interest or income earned with respect to any said securities, loans or other property shall likewise be retained in the Equity Fund.

Annual Reporting on Projects Financed. In connection with the issuance of the Series 2020 Bonds, the IEPA agrees to report, commencing with the Annual Report for the fiscal year ending December 31, 2021, information on the projects financed with the proceeds of the Series 2020 Bonds including the name of the Participant completing the project, a description of the project, the amount of the Loan for such project, the percentage of the Loan disbursed for such project, and the expected or actual completion dates thereof (the “*Green Bond Information*”).

The Authority will post the Green Bond Information on the Municipal Securities Rulemaking Board’s (the “*MSRB*”) Electronic Municipal Market Access system (“*EMMA*”), accessible at <http://emma.msrb.org>, annually on or before January 30 of each year, commencing January 30, 2022, until all the Series 2020 Bond proceeds have been completely disbursed, after which no further updates will be provided. The current Green Bond Information report is included in Appendix G hereto.

The Authority’s agreement to post the Green Bond Information is not a part of the Authority’s obligation to provide continuing disclosure in accordance with the Rule (as hereinafter defined) as set forth in the Authority Undertaking (as hereinafter defined). See “CONTINUING DISCLOSURE” herein.

The IEPA will use its best efforts to gather and report information regarding quantitative and/or qualitative impacts resulting from eligible projects.

Current performance indicators posted on the IEPA website at <https://www2.illinois.gov/epa/topics/water-quality/Pages/default.aspx> and <https://www2.illinois.gov/epa/topics/energy/Pages/default.aspx> provide examples of metrics for nitrogen and phosphorous reductions, percentage of population served with good drinking water, percentage of drinking water loans supporting treatment, transmission and distribution, source water protection and storage and other; and energy efficiency audits at wastewater treatment plants, respectively.

The IEPA provides an annual Public Accountability Report to the Illinois Office of the Comptroller, found at <https://par.illinoiscomptroller.gov>, which links financial information to the performance of state programs. The report reviews financial and other resources allocated to programs and how those resources have been used to accomplish the program’s goals and objectives. Examples of applicable metrics include percent of Illinois streams with “good quality” rating, percent of major wastewater-discharging facilities in compliance, population served with good-quality drinking water from community water supplies, and interest savings on clean water and drinking water loans.

The IEPA also provides an annual report to the EPA on the SRF Programs (the “*SRF Annual Report*”). The SRF Annual Report includes the projects for which the IEPA has entered into a Loan Agreement during the applicable year, as well as projects for which construction was begun during the applicable year and projects for which construction was completed during the applicable year.

SOURCES AND USES OF FUNDS

The following sets forth a summary of the estimated sources and uses of funds relating to the issuance of the Series 2020 Bonds (subject to adjustment as set forth in an officer’s certificate):

SOURCES OF FUNDS

Par Amount of Series 2020 Bonds	\$500,000,000.00
Original Issue Premium	<u>137,306,169.25</u>
Total	\$637,306,169.25

USES OF FUNDS

Loan Origination Fund	\$634,409,344.34
Costs of Issuance (including Underwriters’ Discount)	<u>2,896,824.91</u>
Total	\$637,306,169.25

PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE

PROJECTED DEBT SERVICE COVERAGE FOR THE BONDS

The table below entitled “PROJECTED DEBT SERVICE COVERAGE FOR THE BONDS” sets forth the projected cash flow on the Currently Pledged Agreements. A summary of the characteristics of the Currently Pledged Agreements is set forth below under “—Characteristics of Currently Pledged Agreements”. Following the issuance of the Series 2020 Bonds, additional Pledged Agreements may be (i) added to the Master Trust Estate and pledged to the payment of the Bonds, particularly in connection with the issuance of Bonds or other Additional Indebtedness, or (ii) substituted for then-existing Pledged

Agreements. In addition, Pledged Agreements may be prepaid, restructured or released from the lien of the Master Trust Agreement in accordance with the terms of the Master Trust Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Release and Substitution of Pledged Agreements; Projected Asset Coverage Ratio” and APPENDIX A — “Definitions and Summary of Certain Provisions of the Master Trust Agreement—Pledged Agreements”. Each Projected Debt Service Coverage Ratio is based upon certain assumptions. Actual events may vary from those assumptions and such variations may be material and adverse. In preparing a Projected Debt Service Coverage Ratio, IEPA and the Authority assume no additional Pledged Agreements will be added to the Master Trust Estate and no substitutions of Pledged Agreements for the Currently Pledged Agreements will be made, and further assumes no future prepayment or restructuring of or defaults on Pledged Agreements. No assurances can be given that actual Revenues for any Bond Year will be received as predicted. The preparation of a Projected Debt Service Coverage Ratio does not constitute a representation by IEPA or the Authority that (i) no additional Pledged Agreements will be pledged to the payment of the Bonds in addition to, or in replacement of, the Currently Pledged Agreements or (ii) the projected Revenues will be realized or will be received at the time or in the amounts set forth in the Projected Debt Service Coverage Ratio.

The projected cash flow is dependent on the Participants making timely payment on their respective Currently Pledged Agreements. The projected cash flow and actual debt service table which follows presents on a semi-annual basis the projected amounts of total income (from repayments of the Currently Pledged Agreements and investment earnings) and actual debt service on the Bonds. All such income amounts are estimates, subject to change, and are based upon various assumptions, among others, concerning the amounts, timing, interest rates and repayment schedules for the Currently Pledged Agreements, the amounts available for investment and the interest earnings on investment funds and timely payment by all Participants. Upon the issuance of the Series 2020 Bonds, (i) the Series 2013 Bonds, the Series 2016 Bonds, the Series 2017 Bonds, the Series 2019 Bonds and the Series 2020 Bonds will be the only Bonds currently issued under and secured by the Master Trust Agreement and (ii) the Currently Pledged Agreements will be the only Pledged Agreements currently pledged to the payment of the Bonds. Columns in such table may not sum due to rounding.

The Authority and IEPA anticipate that principal and interest payments on the Currently Pledged Agreements will be sufficient to pay the principal of and interest on the Bonds. These expectations are subject to and based upon, among other things, interest rates and amounts payable under the Currently Pledged Agreements, repayment realization on the Currently Pledged Agreements at certain projected times and in certain amounts and certain investment income.

While satisfying certain Projected Debt Service Coverage Ratio and Projected Asset Coverage Ratio tests, respectively, is a precondition to issuing Additional Indebtedness and to withdrawing monies from the Equity Fund under the Master Trust Agreement, failure to maintain any level of coverage is not a default under the Master Trust Agreement.

PROJECTED DEBT SERVICE COVERAGE FOR THE BONDS

PAYMENT DATE	LOAN REPAYMENTS ⁽¹⁾	TOTAL SERIES 2013 BONDS DEBT SERVICE	TOTAL SERIES 2016 BONDS DEBT SERVICE	TOTAL SERIES 2017 BONDS DEBT SERVICE	TOTAL SERIES 2019 BONDS DEBT SERVICE	TOTAL SERIES 2020 BONDS DEBT SERVICE	TOTAL BONDS DEBT SERVICE	PROJECTED DEBT SERVICE COVERAGE RATIO
1/1/21	\$159,531,880	\$5,224,300	\$24,831,075	\$26,619,125	\$20,711,206	\$ 0	\$77,385,706	2.06x
7/1/21	144,774,565	3,797,175	24,702,825	26,933,750	21,152,956	15,054,274	91,640,980	1.58x
1/1/22	148,655,862	3,625,925	24,208,075	26,786,750	21,172,581	17,408,425	93,201,756	1.59x
7/1/22	147,466,076	3,448,625	23,575,825	26,629,250	21,060,206	17,638,925	92,352,831	1.60x
1/1/23	147,978,133	2,697,250	23,479,575	26,886,375	21,158,956	18,254,925	92,477,081	1.60x
7/1/23	148,457,928	1,952,625	23,374,775	26,912,625	21,253,456	18,641,550	92,135,031	1.61x
1/1/24	148,653,201		24,026,025	26,923,375	21,628,581	19,134,050	91,712,031	1.62x
7/1/24	148,022,504		23,441,025	26,668,750	21,562,081	19,419,425	91,091,281	1.62x
1/1/25	145,018,894		22,665,025	26,340,125	21,364,581	18,747,425	89,117,156	1.63x
7/1/25	143,930,312		22,050,325	25,814,250	21,289,206	18,966,675	88,120,456	1.63x
1/1/26	142,999,464		21,141,325	25,221,000	20,937,831	20,065,175	87,365,331	1.64x
7/1/26	142,623,495		20,750,950	25,172,125	20,912,206	20,290,675	87,125,956	1.64x
1/1/27	142,357,971		20,413,650	25,034,125	20,894,206	20,484,175	86,826,156	1.64x
7/1/27	139,804,616		19,228,900	23,844,000	20,683,456	20,836,175	84,592,531	1.65x
1/1/28	139,450,579		18,654,025	23,492,875	20,549,581	21,352,425	84,048,906	1.66x
7/1/28	136,609,141		17,609,275	22,745,250	20,205,581	21,518,425	82,078,531	1.66x
1/1/29	135,522,734		17,166,525	22,556,000	20,191,581	21,332,425	81,246,531	1.67x
7/1/29	132,491,004		15,976,150	21,771,375	19,659,331	21,847,925	79,254,781	1.67x
1/1/30	131,375,523		15,386,900	21,281,125	19,506,581	22,102,300	78,276,906	1.68x
7/1/30	128,988,895		14,499,275	20,668,125	19,183,956	22,276,550	76,627,906	1.68x
1/1/31	126,808,125		13,871,575	20,115,500	18,875,581	22,327,300	75,189,956	1.69x
7/1/31	121,943,671		13,512,825	20,021,875	18,056,081	20,732,300	72,323,081	1.69x
1/1/32	115,290,326		12,940,700	19,680,875	16,913,206	18,777,425	68,312,206	1.69x
7/1/32	108,559,213		12,332,600	19,133,500	15,555,331	17,261,425	64,282,856	1.69x
1/1/33	105,024,002		10,997,100	18,069,875	15,218,331	17,870,625	62,155,931	1.69x
7/1/33	101,325,487		9,513,900	16,723,000	14,932,331	18,783,025	59,952,256	1.69x
1/1/34	98,996,505		8,456,400	15,915,375	14,771,081	19,412,225	58,555,081	1.69x
7/1/34	94,415,050		7,186,600	14,644,125	14,301,456	19,691,225	55,823,406	1.69x
1/1/35	95,003,092		7,244,100	14,776,125	14,331,081	19,829,225	56,180,531	1.69x
7/1/35	88,537,481		6,117,800	14,036,875	12,817,406	19,386,300	52,358,381	1.69x
1/1/36	83,136,604		4,811,300	12,812,875	12,085,100	19,470,200	49,179,475	1.69x
7/1/36	79,021,300		4,263,600	12,086,500	11,547,600	18,811,200	46,708,900	1.69x
1/1/37	67,010,194			8,440,875	10,281,975	20,843,700	39,566,550	1.69x
7/1/37	64,833,643			7,144,250	9,976,600	21,156,200	38,277,050	1.69x
1/1/38	62,096,038				11,488,100	25,200,200	36,688,300	1.69x
7/1/38	48,374,676				6,865,500	21,750,800	28,616,300	1.69x
1/1/39	37,043,451				5,151,000	16,686,100	21,837,100	1.70x
7/1/39	32,180,985				4,298,750	14,689,600	18,988,350	1.69x
1/1/40	20,210,179				734,750	11,186,800	11,921,550	1.70x
7/1/40	10,999,533				252,250	6,253,500	6,505,750	1.69x
1/1/41	10,241,623				241,375	5,814,600	6,055,975	1.69x
7/1/41	7,045,140				230,625	3,932,100	4,162,725	1.69x

(1) Loan Repayments on the Currently Pledged Agreements. Loan Repayments exclude the Loan Support Fees, a component of the Fixed Loan Rate in an amount not exceeding 50% of the Fixed Loan Rate, which are not pledged to the payment of the Bonds. Loan Repayments may in the future include a positive return on investments. The Authority and IEPA have assumed a 0% return on investments for purposes of this table.

CHARACTERISTICS OF CURRENTLY PLEDGED AGREEMENTS

The general terms of the Pledged Agreements are more fully described under the caption “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Pledged Agreements” and “—Security for the Pledged Agreements”. The Currently Pledged Agreements represent the Pledged Agreements to be pledged as of the date of issuance of the Series 2020 Bonds to secure payment of the Bonds. As of December 1, 2020, the Currently Pledged Agreements having outstanding balances or remaining future disbursements consisted of 883 Loans with an aggregate outstanding principal amount of \$4,035,871,213, generally described as follows:

	LOANS OUTSTANDING UNDER CURRENTLY PLEDGED AGREEMENTS
Number of Discrete Borrowers	458
Average Outstanding Balance*	\$4,156,407
Interest Rate Range**	0.000% to 2.91%
Interest Rate Range (Net of Loan Support Fees)	0.00% to 1.46%
Loan Maturity Range	1 month to 30 years
Security for Loans (calculated on aggregate principal amount of Loans outstanding):	
Water/Wastewater System Revenues	76.78%
General Obligation Debt (Property Tax)	20.84%
Other Sources	2.38%

* Average outstanding balance of all loans which have a loan balance remaining.

** Includes Loan Support Fee component of interest rate, which is not pledged to the payment of the Bonds.

A discrete borrower may be a Participant with respect to a number of Agreements. As of December 1, 2020, the ten borrowers having the largest aggregate outstanding balances on Loans made under the Agreements constituting Currently Pledged Agreements comprised approximately 56.47% of the total outstanding balance of all Loans made under Agreements that are part of the Currently Pledged Agreements, such borrowers being further described as follows:

BORROWER	LOAN BALANCE	LOAN BALANCE (% OF TOTAL)	SECURITY
MWRD	\$ 888,269,330	22.01%	Property tax, system revenues and user charges ⁽¹⁾
City of Chicago	681,813,996	16.89%	System revenues and user charges ⁽²⁾
City of Joliet	171,057,188	4.24%	System revenues
Fox Metro Water Reclamation District	123,987,329	3.07%	System revenues
Village of Oak Lawn	83,683,992	2.07%	System revenues
Morton Grove-Niles Water Commission	77,670,597	1.92%	System revenues
City of Rock Island	72,923,223	1.81%	System revenues
Kishwaukee Water Reclamation District	62,904,820	1.56%	System revenues
City of Belleville	61,942,009	1.53%	System revenues
Rock River Water Reclamation District	54,656,978	1.35%	System revenues
TOTAL	\$2,278,909,462	56.47%	

(1) Consists of \$833,895,136 of Loans secured by property taxes, \$47,745,015 secured by system revenues, \$3,717,902 secured by property taxes and system revenues and \$2,911,277 secured by other revenues.

(2) Consists of \$652,607,294 secured by system revenues and \$29,206,702 secured by user charges.

On the date of issuance of the Series 2020 Bonds, the Metropolitan Water Reclamation District of Greater Chicago (“MWRD”) will be the only Participant to have Loans disbursed under Currently Pledged

Agreements having an outstanding principal amount exceeding 20% of the aggregate outstanding principal amount of all Loans disbursed under the Currently Pledged Agreements. See “THE PARTICIPANTS” and “CONTINUING DISCLOSURE.” As demonstrated in the table above, the obligations of MWRD to IEPA under its Currently Pledged Agreements are primarily general obligations secured by property taxes levied by MWRD.

Certain proceeds of the Series 2020 Bonds will be applied to the disbursement of Loans. See “SOURCES AND USES OF FUNDS”. Such Loans may, but are not required to, be assigned to the Authority and pledged to the payment of the Outstanding Bonds, the Series 2020 Bonds and Additional Indebtedness.

PAYMENT DELINQUENCIES WITH RESPECT TO PLEDGED AGREEMENTS

For the period November 17, 2019 to November 16, 2020, payments from a total of 36 Participants involving 38 payments were received more than 15 days past due. These late payments aggregated approximately \$1.099 million. Of these 36 late Participants, two Participants had a total of 3 payments which were still unpaid as of November 30, 2020. Of those late payments, 28 were between 16-30 days late, 9 were between 31-60 days late, and 1 was more than 61 days late.

The IEPA believes that all such payments were sent by Participants in a timely fashion, but were either lost in transit due to administrative error or were stolen while outside the control of the IEPA, the Authority, the Trustee or Amalgamated Bank of Chicago, in its capacity as receiving agent (the “*Receiving Agent*”).

The \$1.099 million in aggregate late debt service payments constitutes less than 0.5% of all debt service payments due on Pledged Agreements during that period, and did not, and does not, adversely impact the timely payment of debt service on the Bonds.

The IEPA and the Authority are collaborating with the Receiving Agent to implement the use of an ACH payment system that is intended to address issues with payment by checks. Once implemented, the IEPA will seek to require ACH payment processing by all Participants, subject to exceptions for those Participants whose banking institutions are unable to accommodate the ACH payment system.

THE SERIES 2020 BONDS

GENERAL

The Series 2020 Bonds will be issued as fully registered bonds in book-entry form in the denominations of \$5,000 or any integral multiple thereof (the “*Authorized Denominations*”). See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM” herein. The Series 2020 Bonds will be dated the date of delivery. The Series 2020 Bonds will mature on the dates and will bear interest at the interest rates per annum set forth on the inside cover hereof. Each Series 2020 Bond shall bear interest from the date of delivery of the Series 2020 Bonds or from the most recent date to which interest has been paid or duly provided for, payable semiannually on January 1 and July 1 of each year, commencing July 1, 2021 (hereinafter an “*Interest Payment Date*”). Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Payment of the interest on any Series 2020 Bond shall be made to the person appearing on the Bond Register as the Bondholder thereof as of the commencement of business of the Master Trustee on the Record Date for such Interest Payment Date, and shall be paid by check or draft of the Master Trustee mailed to

such Bondholder at such Bondholder’s address as it appears on the Bond Register or at such other address as is furnished to the Master Trustee in writing by such Bondholder.

REDEMPTION PROVISIONS

The federal Tax Increase Prevention and Reconciliation Act of 2005 (“*TIPRA*”) imposes additional requirements and conditions for the interest on bonds, such as the Series 2020 Bonds, issued for pooled financing programs to be and remain exempt from federal income taxation. Among those requirements are provisions requiring the redemption of bonds if certain amounts of the bond proceeds are not used for loans within certain prescribed periods. In particular, the Code requires (the “*TIPRA Requirements*”):

(i) the issuer to reasonably expect (1) to use, directly or indirectly, within the one-year period beginning on the date of issue, at least 30% of the net proceeds of the issue to make loans; and (2) to use, directly or indirectly, within the three-year period beginning on the date of issue, at least 95% of the net proceeds of the issue; and

(ii) the issuer to redeem outstanding bonds within 90 days after the end of such one-year period and three-year period, as applicable, to the extent of, and in an amount equal to the unused proceeds, *i.e.*, the difference between the amount actually used and an amount equal to such applicable percentage.

The Outstanding Bonds were subject to the TIPRA Requirements described above. The chart below shows when the Outstanding Bonds met the TIPRA Requirements.

PAST COMPLIANCE WITH TIPRA REQUIREMENTS

SERIES	PAR AMOUNT	CLOSING DATE	ATTAINMENT OF 1	ATTAINMENT OF 3
			YEAR/30% REQUIREMENT	YEAR/95% REQUIREMENT
2013	\$141,700,000	12/5/2013	02/04/2014	11/24/2014
2016	500,000,000	9/12/2016	01/19/2017	09/29/2017
2017	560,025,000	9/12/2017	12/20/2017	09/25/2018
2019	450,000,000	4/16/2019	08/26/2019	11/06/2020

No redemptions were required with respect to the Series 2013 Bonds, Series 2016 Bonds, Series 2017 Bonds and Series 2019 Bonds as all bond proceeds were spent within the required time periods.

(a) *Extraordinary Mandatory Redemption.* The following extraordinary mandatory redemption provisions implement the TIPRA Requirements for the Series 2020 Bonds:

One-Year Extraordinary Mandatory Redemption. The Series 2020 Bonds maturing on and after July 1, 2022 are subject to extraordinary mandatory redemption prior to their scheduled maturities, on March 15, 2022 (the “*One-Year Extraordinary Mandatory Redemption Date*”), in part, in an amount equal to the One-Year Computation Amount, at the Redemption Prices set forth below (approximately 102% of the amortized issue price for each maturity of the Series 2020 Bonds), expressed as percentages of the principal amount of each maturity of the Series 2020 Bonds so redeemed, plus accrued interest to the One Year Extraordinary Mandatory Redemption Date.

MATURITY DATE	INTEREST RATE	CUSIP BASE: 45204F	REDEMPTION PRICE
July 1, 2022	5.00%	EU5	103.451%
January 1, 2023	5.00	EV3	105.900
July 1, 2023	5.00	EW1	108.339
January 1, 2024	5.00	EX9	110.687
July 1, 2024	5.00	EY7	113.077
January 1, 2025	5.00	EZ4	115.421
July 1, 2025	5.00	FA8	117.703
January 1, 2026	5.00	FB6	119.946
July 1, 2026	5.00	FC4	121.956
January 1, 2027	5.00	FD2	124.149
July 1, 2027	5.00	FE0	125.952
January 1, 2028	5.00	FF7	127.850
July 1, 2028	5.00	FG5	129.536
January 1, 2029	5.00	FH3	131.130
July 1, 2029	5.00	FJ9	132.799
January 1, 2030	5.00	FK6	134.488
July 1, 2030	5.00	FL4	136.023
January 1, 2031	5.00	FM2	137.487
July 1, 2031	5.00	FN0	136.976
January 1, 2032	4.00	FP5	126.922
July 1, 2032	4.00	FQ3	126.536
January 1, 2033	4.00	FR1	125.959
July 1, 2033	4.00	FS9	125.576
July 1, 2034	5.00	FT7	135.055
July 1, 2035	5.00	FU4	134.655
July 1, 2035	4.00	FV2	124.247
July 1, 2036	5.00	FW0	134.256
July 1, 2037	4.00	FX8	123.494
July 1, 2038	4.00	FY6	123.120
July 1, 2039	4.00	FZ3	122.748
July 1, 2040	4.00	GA7	122.377
July 1, 2041	4.00	GB5	122.006

“*One-Year Computation Amount*” means the surplus proceeds (rounded to the next higher integral multiple of \$5,000) equal to thirty percent (30%) of the Net Proceeds (defined to mean the amounts received from the sale of the Series 2020 Bonds and deposited into the 2020 Subaccounts of the Loan Origination Fund) less the aggregate amount withdrawn from the 2020 Subaccounts of the Loan Origination Fund by December 30, 2021.

Three-Year Extraordinary Mandatory Redemption. The Series 2020 Bonds maturing on and after July 1, 2024, are subject to extraordinary mandatory redemption prior to their scheduled maturities, on March 15, 2024 (the “*Three-Year Extraordinary Mandatory Redemption Date*”), in part, in an amount equal to the Three-Year Computation Amount, at the Redemption Prices set forth below (approximately 102% of the amortized issue price for each maturity of the Series 2020 Bonds), expressed as percentages of the principal amount of each maturity of the Series 2020 Bonds so redeemed, plus accrued interest to the Three Year Extraordinary Mandatory Redemption Date.

MATURITY DATE	INTEREST RATE	CUSIP BASE: 45204F	REDEMPTION PRICE
July 1, 2024	5.00%	EY7	103.424%
January 1, 2025	5.00	EZ4	105.825
July 1, 2025	5.00	FA8	108.188
January 1, 2026	5.00	FB6	110.514
July 1, 2026	5.00	FC4	112.705
January 1, 2027	5.00	FD2	114.963
July 1, 2027	5.00	FE0	116.978
January 1, 2028	5.00	FF7	119.020
July 1, 2028	5.00	FG5	120.903
January 1, 2029	5.00	FH3	122.696
July 1, 2029	5.00	FJ9	124.519
January 1, 2030	5.00	FK6	126.338
July 1, 2030	5.00	FL4	128.031
January 1, 2031	5.00	FM2	129.655
July 1, 2031	5.00	FN0	129.271
January 1, 2032	4.00	FP5	121.460
July 1, 2032	4.00	FQ3	121.166
January 1, 2033	4.00	FR1	120.725
July 1, 2033	4.00	FS9	120.433
July 1, 2034	5.00	FT7	127.820
July 1, 2035	5.00	FU4	127.517
July 1, 2035	4.00	FV2	119.418
July 1, 2036	5.00	FW0	127.215
July 1, 2037	4.00	FX8	118.841
July 1, 2038	4.00	FY6	118.555
July 1, 2039	4.00	FZ3	118.269
July 1, 2040	4.00	GA7	117.983
July 1, 2041	4.00	GB5	117.699

“*Three-Year Computation Amount*” means the surplus proceeds (rounded to the next higher integral multiple of \$5,000) equal to ninety-five percent (95%) of the Net Proceeds (defined to mean the amounts received from the sale of the Series 2020 Bonds and deposited into the 2020 Subaccounts of the Loan Origination Fund), less the aggregate amount withdrawn from the 2020 Subaccounts of the Loan Origination Fund by December 30, 2023.

The Series 2020 Bonds will not be subject to further extraordinary mandatory redemption following the Three-Year Extraordinary Mandatory Redemption Date.

The foregoing notwithstanding, the Series 2020 Bonds shall not be subject to any such extraordinary mandatory redemption if the Authority obtains an opinion of nationally-recognized bond counsel to the effect that the failure by the Authority to cause any such extraordinary mandatory redemption to occur will not adversely affect the excludability of interest on the Series 2020 Bonds from gross income for federal income tax purposes.

For purposes of the One-Year and Three-Year Extraordinary Mandatory Redemption of Series 2020 Bonds, the Series 2020 Bonds subject to such redemption shall be selected on a “Pro-Rata Basis”; *provided*, that if any amount required to be redeemed remains after such selection, such remaining amount shall be applied to the redemption of \$5,000 principal amount of each maturity of Series 2020 Bonds in inverse order of maturity. The term “Pro-Rata Basis” means that the principal amount of Series 2020 Bonds of a particular maturity shall be determined by multiplying the applicable Computation Amount by the ratio which the principal amount of Series 2020 Bonds of such maturity then outstanding bears to the aggregate principal amount of Series 2020 Bonds then outstanding and subject to redemption.

The Redemption Price with respect to the extraordinary mandatory redemption of any Series 2020 Bond required as described above shall be paid from funds on deposit in the Loan Origination Fund and from funds in the Equity Fund, as provided in the Master Trust Agreement.

(b) *Optional Redemption.* The Series 2020 Bonds maturing on or after July 1, 2031 are subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part, in an Authorized Denomination), in such principal amounts and from such maturities as the Authority shall determine and within any maturity by lot, on any date on or after January 1, 2031, at the Redemption Price of par plus accrued interest thereon to the date fixed for redemption.

(c) *Mandatory Sinking Fund Redemption.* The Series 2020 Bonds maturing on July 1 of each of the years 2034 through 2041 are subject to mandatory redemption in part and by lot, at a Redemption Price equal to the principal amount thereof, on the January 1 next preceding the maturity date of such Series 2020 Bonds in the amounts set forth below by application of a sinking fund installment for each such maturity:

SERIES 2020 BONDS MATURING JULY 1, 2034

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2034	\$14,440,000
July 1, 2034 (maturity)	15,080,000

SERIES 2020 BONDS MATURING JULY 1, 2035 AND BEARING INTEREST AT THE RATE OF 5.00%

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2035	\$10,205,000
July 1, 2035 (maturity)	10,160,000

SERIES 2020 BONDS MATURING JULY 1, 2035 AND BEARING INTEREST AT THE RATE OF 4.00%

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2035	\$5,390,000
July 1, 2035 (maturity)	5,355,000

SERIES 2020 BONDS MATURING JULY 1, 2036

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2036	\$15,960,000
July 1, 2036 (maturity)	15,700,000

SERIES 2020 BONDS MATURING JULY 1, 2037

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2037	\$18,125,000
July 1, 2037 (maturity)	18,800,000

SERIES 2020 BONDS MATURING JULY 1, 2038

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2038	\$23,220,000
July 1, 2038 (maturity)	20,235,000

SERIES 2020 BONDS MATURING JULY 1, 2039

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2039	\$15,575,000
July 1, 2039 (maturity)	13,890,000

SERIES 2020 BONDS MATURING JULY 1, 2040

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2040	\$10,665,000
July 1, 2040 (maturity)	5,945,000

SERIES 2020 BONDS MATURING JULY 1, 2041

REDEMPTION DATE	PRINCIPAL AMOUNT
January 1, 2041	\$5,625,000
July 1, 2041 (maturity)	3,855,000

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for the Series 2020 Bonds, the Authority may (i) purchase or direct the Master Trustee to purchase, with available funds including, but not limited to, funds allocable to the Sinking Fund Installment for such Series 2020 Bonds within the Bond Fund and deliver or cause to be delivered to the Master Trustee for cancellation, such Series 2020 Bonds or portions thereof in Authorized Denominations or (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for such Series 2020 Bonds or portions thereof in Authorized Denominations, which prior to said date have been redeemed (otherwise than through the operation of such mandatory sinking fund redemption) and canceled by the Master Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2020 Bond or portion thereof subject to mandatory sinking fund redemption so delivered or previously redeemed shall be credited against future mandatory sinking fund redemption obligations on Series 2020 Bonds in such order as the Authority shall designate, or if no such designation is made, in chronological order, the principal amount of such Series 2020 Bonds to be redeemed by operation of such mandatory redemption to be accordingly reduced.

(d) *Selection of Series 2020 Bonds.* If less than all of the Series 2020 Bonds of like maturity are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Authority (except in the case of mandatory redemption pursuant to Sinking Fund Installments as described in paragraph (c), above), in the principal amount designated to the Master Trustee by the Authority, or otherwise as required by the Fifth Supplemental Master Trust Agreement or other applicable provisions of the Master Trust Agreement. In the case of the redemption of less than all of the Series 2020 Bonds of a single maturity, such redemption shall be by lot in such manner as the Master Trustee may determine among such Series 2020 Bonds, except as otherwise provided in paragraph (a) above. In selecting Series 2020 Bonds for redemption, the Master Trustee shall treat each such Series 2020 Bond as representing that number of Series 2020 Bonds which is obtained by dividing the principal amount of such Series 2020 Bond by the minimum Authorized Denomination. If any Bond is to be redeemed in part, the portion to be so redeemed shall be in a principal amount of any Authorized Denomination.

(e) *Notice of Redemption.* When any Series 2020 Bonds, or portions thereof, are to be redeemed, the Master Trustee shall give notice of the redemption of the Series 2020 Bonds in the name of the Authority to the holders of such Bonds which are to be redeemed specifying (i) the applicable Series to be redeemed; (ii) the redemption date and whether or not such redemption is conditioned on the deposit of sufficient funds with the Master Trustee; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the Series 2020 Bonds, or portions thereof, to be redeemed (unless all the outstanding Bonds of any Series or maturity within a series are to be redeemed); (v) the place or places where amount due upon such

redemption will be payable; and (vi) such other information as the Master Trustee shall deem necessary or appropriate to facilitate the redemption of such Bonds. Such notice shall further state that on such date there shall become due and payable upon each Series 2020 Bond, or portion thereof, to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest on any such Bonds, or portions thereof, shall cease to accrue, unless such notice was conditioned and the conditions had not been satisfied in which case the notice of redemption shall be void. Such notice shall be given by the Master Trustee by mailing a copy of such notice by first class or certified mail, postage prepaid, to the registered holders of any Series 2020 Bonds or portions thereof to be redeemed at their last address appearing upon the registration books, such notice to be given not less than thirty (30) days or more than sixty (60) days before the redemption date. The obligation of the Master Trustee to give the notice shall not be conditioned upon the prior payment to the Master Trustee of moneys or Investment Obligations sufficient to pay the Redemption Price to which such notice relates or the interest thereon to the redemption date.

PURCHASE IN LIEU OF REDEMPTION

The Authority may purchase or direct the Master Trustee to purchase the Series 2020 Bonds of any particular maturity in lieu of redemption of such Bonds. Such purchases shall be made at any time prior to the giving of notice of redemption to bondholders by the Master Trustee.

Notwithstanding the preceding paragraph, the Authority will not redeem, purchase or direct the purchase or redemption by the Master Trustee of any Series 2020 Bonds in whole or in part at a cost or price (including any brokerage fee or commission and other charges) which (i) exceeds the Redemption Price then applicable thereon plus accrued interest to the redemption date if such Bonds are then redeemable, or (ii) would adversely affect the ability of the Authority to pay any other Bonds when due.

NON-PRESENTMENT OF SERIES 2020 BONDS

In the event any Series 2020 Bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Master Trustee for the benefit of the holder or holders thereof, all liability of the Authority to the holder or holders thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged and thereupon it shall be the duty of the Master Trustee to hold such funds without liability for interest thereon, for the benefit of the holder or holders of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Master Trust Agreement or on, or with respect to, such Bonds, *provided, however,* moneys held by the Master Trustee for the payment of Series 2020 Bonds which shall remain unclaimed by the holder of such Bonds for a period of four years after the date on which such Bonds shall have become due and payable shall be paid to the Authority; *provided, further,* that the Master Trustee, before making any such payment shall send a letter to the last known address for such Bondholders that said moneys have not been claimed and that after a date named therein any unclaimed balance of said moneys the remaining will be returned to the Authority and thereafter the holders of such Bonds shall look only to the Authority for payment and then only to the extent of the amount so received without any interest thereon, and the Master Trustee shall have no responsibility with respect to such moneys.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

PLEDGE OF REVENUES BY THE AUTHORITY

The Series 2020 Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are limited obligations of the Authority secured on a parity basis with the Outstanding Bonds and any Additional Indebtedness issued in the future by the Pledged Agreements which may from time to time be assigned to or held by the Master Trustee under the terms of the Master Trust Agreement (other than Loan Support Fees due under the Pledged Agreements), and the funds and accounts noted under the Master Trust Agreement.

The Series 2020 Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not now and shall never constitute an indebtedness or an obligation of the Authority, the IEPA, the State or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Pledged Agreements and the Master Trust Agreement. No owner of the Series 2020 Bonds shall have the right to compel the exercise of the taxing power, if any, of the Authority, the State or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Series 2020 Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

NON-IMPAIRMENT

Pursuant to Section 801-50 of the Authority Act, the State pledges and agrees with the holders of the Series 2020 Bonds that the State will not limit or restrict the rights vested in the Authority pursuant to the Authority Act to purchase, acquire, hold, sell, or dispose of investments or to establish and collect payments from Pledged Agreements or other charges as may be convenient or necessary to produce sufficient revenues to fulfill the terms of the Master Trust Agreement or in any way impair the rights or remedies of the holders of the Series 2020 Bonds until such Bonds are fully paid and discharged or provision for their payment has been made.

PLEDGED AGREEMENTS

Each Loan to a Participant for an eligible project from funds in the Clean Water Program or the Drinking Water Program is evidenced by an Agreement. In each Agreement, IEPA agrees to make a Loan in an amount up to the maximum amount provided in the Agreement. Funds are disbursed to a Participant only to pay eligible project costs which actually have been incurred by the Participant, and the amount of a Loan is generally equal to the aggregate of such disbursed amounts, although in certain instances such amount may also include capitalized interest.

Each Agreement specifies an Initiation of Operation Date. Amortization of each Loan is required to begin no later than one year from the earlier of the Initiation of Operation Date or the date identified in the Agreement as the Initiation of Loan Repayment Date. The final maturity of each Loan is not later than the projected useful life of the Project financed with the proceeds of the Loan and, further, is not later than 20 years from the earlier of the Initiation of Operation Date or the Initiation of Loan Repayment Date, except with respect to Loans for local government units which qualify for the Small Community Rate or the Hardship Rate, in which case such periods may be extended to 30 years from the earlier of such dates. See “STATE OF ILLINOIS SRF PROGRAMS—Loan Payments; Loan Support Fees Not Pledged To Bonds” and “STATE OF ILLINOIS SRF PROGRAMS—Restructuring of Loans” herein. Each Agreement permits prepayment of all or a portion of the balance of the Loan, at any time, without premium. The Agreements

may be restructured upon satisfaction of certain criteria. “STATE OF ILLINOIS SRF PROGRAMS—Restructuring of Loans” herein. The Agreements may be withdrawn and released from the pledge upon the satisfaction of certain tests. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Release and Substitution of Pledged Agreements; Projected Asset Coverage Ratio”. Most of the Agreements provide for semiannual principal and interest payments, with the actual dates of repayment varying from loan agreement to loan agreement, with a few loan agreements providing for quarterly principal and interest payments.

Each Participant is obligated pursuant to the terms of its Agreement to repay its Loan to the Authority in accordance with each Participant’s amortization schedule of principal and interest repayments.

The general characteristics of the Currently Pledged Agreements to be pledged as of the date of issuance of the Series 2020 Bonds to secure payment of the Bonds is contained under the caption “PROJECTED CASH FLOW AND DEBT SERVICE TABLE—Characteristics of Currently Pledged Agreements”. Each of the Currently Pledged Agreements have been assigned to the Authority and pledged under the Master Trust Agreement to secure payment of the Bonds.

The Master Trustee is entitled to receive all principal and interest payments due and owing on the Pledged Agreements pursuant to the terms of the Master Trust Agreement and the Assignment Agreement. As of December 1, 2020, the aggregate outstanding principal amount of the Currently Pledged Agreements was \$4,035,871,213.

Following the issuance of the Series 2020 Bonds, additional Pledged Agreements may, but are not required to, be pledged to the payment of the Bonds, including in connection with the issuance of Bonds or other Additional Indebtedness. Also, additional Pledged Agreements may be substituted for then-existing Pledged Agreements (including the Currently Pledged Agreements), and Pledged Agreements (including the Currently Pledged Agreements) may be prepaid, restructured or released from the lien of the Master Trust Agreement in accordance with the terms of the Master Trust Agreement, as described under “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Release and Substitution of Pledged Agreements; Projected Asset Coverage Ratio” below and in APPENDIX A — “Definitions and Summary of Certain Provisions of the Master Trust Agreement—Pledged Agreements”.

SECURITY FOR THE PLEDGED AGREEMENTS

Generally, the repayment obligations under the Pledged Agreements of each Participant may be from one or more revenue sources of the Participant. The source of revenues most often includes revenues from the Participant’s water and sewer system, sales taxes, bond proceeds, property taxes or other special assessments. IEPA conducts an analysis as part of its loan review process, which includes a determination of the appropriate security for a Pledged Agreement, and upon making such determination, the Participant evidences its obligation under the Agreement and grants the security determined by IEPA by adopting a bond ordinance, resolution or similar authorization in accordance with State law. In certain instances, a Participant may issue revenue bonds, general obligation bonds or other obligations, as applicable, to evidence its repayment obligations.

As noted under the caption “PROJECTED CASH FLOW AND DEBT SERVICE TABLE—Characteristics of Currently Pledged Agreements”, as of December 1, 2020, 76.78% of the aggregate principal amount of the Currently Pledged Agreements having an outstanding balance are secured by revenues of the water and/or wastewater system of the related Participant, 20.84% of the aggregate principal amount are secured by the general obligation of the related Participant, and 2.38% of the aggregate principal amount are secured by other revenue sources of the related Participant.

IEPA further has a separate payment intercept authority pursuant to Section 10.05 of the State Comptroller Act (15 ILCS 405) which it may use, in its discretion, to secure the repayment obligations under a Pledged Agreement of a Participant. Additionally, IEPA may require a separate reserve for any subordinate revenue loans to a Participant.

RELIANCE ON PARTICIPANTS

The ability of the Authority to pay debt service on the Bonds is dependent on the repayment of Pledged Agreements by the Participants. The creditworthiness of each Participant may change from time to time. The Authority has no obligation to fund additional reserves for any Participant or upon a reduction in the Participant's credit rating or creditworthiness. A number of specific and general economic conditions and legal restraints may adversely affect the ability of Participants to repay their Pledged Agreements, including but not limited, to the ability of a Participant to raise new or additional taxes and utility rates and charges.

For each of the Currently Pledged Agreements, IEPA has conducted an analysis as part of the loan review process to evaluate the Participants' potential to meet the repayment obligation. Prior to issuance of the loan, IEPA requires the Participant to provide detailed and sufficient information to allow the IEPA to determine that the applicant (i) is financially capable, (ii) has pledged a dedicated source of revenue that is adequate to retire the debt and meet any covenants and requirements in the loan agreement, and (iii) has established a water use and water revenue system, where applicable, that will generate adequate revenues to repay the Loan and accommodate costs for operation, maintenance and replacement of the facilities to be constructed. To date, though some Participants have made payments after the due date, there have been no payment defaults by a Participant on a Currently Pledged Agreement. See "PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Payment Delinquencies with Respect to Pledged Agreements" herein. However, in the event of default, each Pledged Agreement provides the IEPA authority to initiate collection, including the right of offset, in accordance with the Illinois State Collection Act of 1986 (30 ILCS 210) or to pursue collection by any other reasonable means provided by law.

MASTER TRUST ESTATE

To secure the payment of the principal of and interest on the Bonds and the performance and observance of all covenants pursuant to the Master Trust Agreement, the Authority has granted a security interest in the Master Trust Estate to the Master Trustee.

The Master Trust Estate consists of:

- a. All Pledged Agreements which may from time to time be assigned to or held by the Master Trustee under the terms of the Master Trust Agreement (other than Loan Support Fees due under the Pledged Agreements);
- b. All moneys, securities and earnings thereon in all funds, sub-funds, accounts and sub-accounts established under the Master Trust Agreement or any Supplemental Master Trust Agreement, except for moneys deposited in the Loan Support Fee Subaccount of the Revenue Fund or the Rebate Fund and moneys deposited with or paid to the Master Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, and except that moneys representing the repayment of principal of the Pledged Agreements or the Grant Proceeds shall not be pledged to or used for the payment of the State Match Portion of any Bonds issued hereunder; and

c. Any and all other moneys and securities furnished from time to time to the Master Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Master Trustee under the terms of the Master Trust Agreement.

NO ACCELERATION

Upon the occurrence of an Event of Default under the Master Trust Agreement, there is no remedy of acceleration available to the Master Trustee with respect to the Bonds.

INVESTMENT OF FUNDS

Moneys held under the Master Trust Agreement will be invested by the Master Trustee, at the direction of the Authority, in Qualified Investments.

ADDITIONAL BONDS AND SUBORDINATE INDEBTEDNESS

The Authority may not incur Additional Indebtedness on a parity basis with the Outstanding Bonds and the Series 2020 Bonds unless there is delivered to the Master Trustee a written report of an Authorized Officer stating that either (i) the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.05:1.00, taking into account all Outstanding Bonds and other Outstanding Additional Indebtedness, including the proposed Additional Indebtedness or (ii) the Projected Debt Service Coverage Ratio for each subsequent Bond Year would be higher taking into account all Outstanding Bonds and other Outstanding Additional Indebtedness, including the proposed Additional Indebtedness, than the Projected Debt Service Coverage Ratio for each subsequent Bond Year if no Additional Indebtedness was issued. The Authority may issue Additional Indebtedness that is subordinate to Outstanding Bonds if there is first delivered to the Master Trustee a written report of an Authorized Officer stating the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.00:1.00, including the proposed Additional Indebtedness. The Authority may consider all expected revenues to the Authority from the issuance of the Additional Indebtedness including at the time of issuance any and all moneys held in the funds, accounts and subaccounts of the Master Trust Agreement, except moneys in the Rebate Fund.

EQUITY FUND OF THE MASTER TRUST AGREEMENT

The Bonds are secured by the Equity Fund under the Master Trust Agreement. The Equity Fund will be held by the Master Trustee for the benefit of the owners of all Bonds, but only as prescribed in the Master Trust Agreement.

Funds, securities and other investments, loans, Pledged Agreements and other property held from time to time in the Equity Fund are available for the payment of the debt service on the Bonds when due and the payment of any other amounts required to be paid from time to time from the funds and accounts established pursuant to the Master Trust Agreement.

Available funds on deposit in the Equity Fund shall be used to make up deficiencies in the Bond Fund, or Rebate Fund and shall be transferred to the Bond Fund if required on any Interest Payment Date or other payment date prior to any transfer otherwise required in the Master Trust Agreement. Unless otherwise specified in a Supplemental Master Trust Agreement or other resolution of the Authority, the Authority is not required to maintain any minimum balance in the Equity Fund and the Authority makes no covenant to Bondholders that funds or other assets will be available in the Equity Fund in the event of a deficiency in the Bond Fund on any payment date. Available funds on deposit in the Equity Fund not used to make up such deficiencies may be used to make Loans and, to reimburse the IEPA for Loans pursuant

to Agreements funded from moneys and assets of the SRF Program, *provided* that the related Agreements will become a Pledged Agreement.

The Master Trustee may deposit Grant Proceeds in the applicable account or subaccount of the Equity Fund, as directed by the Authority from time to time. In addition, the Equity Fund shall hold surplus funds transferred to the Equity Fund pursuant to the provisions of the Master Trust Agreement.

Amounts on deposit in the Equity Fund may be withdrawn from the Equity Fund and be used to pay (i) fees and expenses of the Master Trustee, (ii) expenses related to the Master Trust Agreement including, without limitation, fees and expenses of the Authority's investment managers and advisors relating to investment of the funds held under the Master Trust Agreement and (iii) the annual management fee of the Authority set forth in the Memorandum of Agreement between the Authority and IEPA dated as of November 1, 2013, as amended by the First Amendment to Memorandum of Agreement dated as of June 30, 2014, the Second Amendment to Memorandum of Agreement dated as of September 1, 2016, the Third Amendment to Memorandum of Agreement dated as of April 1, 2017, the Fourth Amendment to Memorandum of Agreement dated as of September 1, 2017, the Fifth Amendment to Memorandum of Agreement dated as of April 1, 2019, and the Sixth Amendment to Memorandum of Agreement dated as of December 1, 2020, and as the same may be hereafter supplemented and amended (the "MOA"). Additionally, provided that there is first delivered to the Master Trustee a written report of an Authorized Officer stating that the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00, taking into account the proposed transfer from the Equity Fund, amounts on deposit in the Equity Fund may also be used to make grants, make deposits, and provide other subsidies and assistance in connection with the SRF Programs upon such terms as the Authority may determine in accordance with the MOA. See "MEMORANDUM OF AGREEMENT".

FLOW OF FUNDS

Payments under the Pledged Agreements which represent the scheduled repayment of principal and interest shall be deposited into the applicable Principal Subaccount and Interest Subaccount of the Revenue Fund as received. That portion of each Loan payment identified on the accompanying invoice as Loan Support Fees shall be deposited as received in the Loan Support Fee Subaccount and shall not be subject to the lien of the Master Trust Agreement. All investment income earned on various funds and accounts held under the Master Trust Agreement (except for the Rebate Fund and the Loan Support Fee Subaccount and unless otherwise directed by a Supplemental Master Trust Agreement), shall be transferred into or credited to the applicable Interest Subaccount upon receipt.

All principal amounts received from Participants pursuant to an optional prepayment of their Loans shall be deposited in the applicable Redemption Subaccount of the Revenue Fund upon receipt.

1. On each Interest Payment Date, the Master Trustee shall deposit into the applicable State Match Portion Subaccount of the Bond Fund: (i) first from the moneys on deposit in the applicable Interest Subaccounts of the Revenue Fund, and (ii) second from moneys on deposit in the applicable Interest Subaccounts of the Equity Fund, on each Interest Payment Date, an amount which when aggregated shall be sufficient to pay the principal of the State Match Portion of the Bonds due on such Interest Payment Date, including any sinking fund installments due on such date, plus the interest due on such Interest Payment Date on the State Match Portion of the Bonds Outstanding.

2. In addition, on each Interest Payment Date, there shall be deposited into the Leveraged Portion Subaccount of the Bond Fund, an amount which when aggregated shall be sufficient to pay the principal of the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds due on such date, including any sinking fund installments due on such date, plus the interest due on such Interest Payment Date on the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds Outstanding, from the following sources and in the following order of priority: (i) moneys on deposit in the applicable Principal Subaccounts of the Revenue Fund, (ii) moneys on deposit in the applicable Interest Subaccounts of the Revenue Fund (it being the intent hereof that the Leveraged Portion Subaccount of the Bond Fund receive these moneys only after the State Match Portion Subaccounts of the Bond Fund have received sufficient funds to meet their debt service payment requirements), and (iii) moneys on deposit in the Equity Fund.

3. On the first Business Day of each month, if the aggregate amount on deposit in the Principal Subaccount and the Interest Subaccount of each of the CWSRF Revenue Account and the DWSRF Revenue Account is at least equal to the Debt Service Requirement, then the Master Trustee shall transfer any amounts on deposit in such subaccounts in excess of the Debt Service Requirement to the appropriate subaccounts of the Equity Fund.

4. On the first Business Day of each month, the Master Trustee shall: (i) transfer all amounts held in the Loan Support Fee Subaccount to the IEPA, (ii) transfer all amounts held in the Redemption Subaccount to the Equity Fund and (iii) transfer all investment earnings on all moneys held in the Bond Fund to the applicable Interest Subaccount of the Revenue Fund.

Funds, securities and other investments, including Pledged Agreements, and other property held from time to time in the Equity Fund are available for, and pledged to, the payment of the debt service on the Bonds and the payment of any other amounts required to be paid from time to time from the funds and accounts established pursuant to the Master Trust Agreement or any Supplemental Master Trust Agreement. Funds on deposit in the Equity Fund shall be used to make up any deficiencies in the Bond Fund or the Rebate Fund and shall be transferred to the Bond Fund if required on any Interest Payment Date or other payment date prior to any transfer otherwise required herein. Unless otherwise specified in a Supplemental Master Trust Agreement or other resolution of the Authority, the Authority shall not be required to maintain any minimum balance in the Equity Fund and the Authority makes no covenant to Bondholders or any other party that funds or other assets will be available in the Equity Fund in the event of a deficiency in the Bond Fund on any payment date.

The Equity Fund shall hold all funds transferred from the Revenue Fund and all surplus funds pursuant to the provisions of the Master Trust Agreement.

Available funds on deposit in the Equity Fund not used to make up such deficiencies may be used to make Loans and to reimburse the IEPA for Loans pursuant to Agreements funded from moneys and assets of the SRF Program, *provided* that the related Agreements will become Pledged Agreements. Amounts on deposit in the Equity Fund may also be used to pay fees and expenses of the Master Trustee and to pay the annual management fee of the Authority.

In addition to the uses described above, amounts on deposit in the Equity Fund may be withdrawn from the Equity Fund to pay certain fees and expenses as described under “—Equity Fund of the Master Trust Agreement” herein. Additionally, provided that there is first delivered to the Master Trustee a written report of an Authorized Officer stating that the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00, taking into account the proposed transfer from the Equity Fund, funds in

the Equity Fund may be withdrawn therefrom and used to make grants and deposits, provide other subsidies and assistance in connection with the SRF Program or for any lawful purpose by the IEPA upon such terms as the Authority may determine in accordance with the MOA.

RELEASE AND SUBSTITUTION OF PLEDGED AGREEMENTS; PROJECTED ASSET COVERAGE RATIO

The Authority may at any time release specified Pledged Agreements from the lien of the Master Trust Agreement, or substitute and add new Pledged Agreements to the lien of the Master Trust Agreement, in each case by preparing and filing with the Master Trustee and each Rating Agency then maintaining a rating on the Bonds, an Officer's Certificate (i) describing the specific Pledged Agreements to be released or, if applicable, substituted therefor or added thereto, and the extent to which the Officer's Certificate delivered in connection with issuance of a new series of Bonds should be deemed modified as a result of such release, substitution or addition; (ii) stating, on the basis of such supporting schedules as shall be attached, that after the release of any such Pledged Agreements from the lien of the Master Trust Agreement, and taking into account the principal and interest payment which the Authority reasonably expects will be received under the Pledged Agreements, if any, which are to be substituted therefor or added thereto upon the release and the other Revenues available for the payment of the principal of and interest on the Bonds, the resulting Revenues are reasonably expected to be sufficient to pay the State Match CWSRF Portion, State Match DWSRF Portion, Leveraged CWSRF Portion and Leveraged DWSRF Portion of the principal of and interest due on the Bonds on each Interest Payment Date and at maturity thereof; and (iii) stating that the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00, taking into account the proposed release or substitution, as applicable.

THE PARTICIPANTS

Each of the Participants for the Pledged Agreements will be an Illinois unit of local government. A discrete borrower may be a Participant with respect to more than one Pledged Agreement. As noted above under "PROJECTED CASH FLOW AND DEBT SERVICE TABLE—Characteristics of Currently Pledged Agreements," on the date of issuance of the Series 2020 Bonds, only MWRD will have Currently Pledged Agreements having an outstanding principal amount exceeding twenty percent (20%) of the aggregate outstanding principal amount of all Currently Pledged Agreements (the "*Participant Criteria for Continuing Disclosure*"). MWRD became an "Obligated Participant" on the date of issuance of the Series 2016 Bonds. The outstanding principal amount of Bonds and the composition of the Pledged Agreements pledged to secure the Bonds will change over time due to scheduled principal amortization and prepayments, if any, releases and substitutions and the issuance of additional series of Bonds or other Additional Indebtedness. As a result, additional Participants may hereafter satisfy the Participant Criteria for Continuing Disclosure and will be deemed at such time to be an "Obligated Participant". On the respective dates of issuance of the Series 2016 Bonds, the Series 2017 Bonds and the Series 2019 Bonds, MWRD delivered the MWRD Undertakings (as hereinafter defined), and, at any time another Participant becomes an Obligated Participant, such Participant will be required to deliver, to the Authority a Continuing Disclosure Undertaking in substantially the form contained in APPENDIX E—"FORM OF OBLIGATED PARTICIPANT CONTINUING DISCLOSURE AGREEMENT". See also "CONTINUING DISCLOSURE". An Obligated Participant's continuing disclosure obligations remain for so long as the Series 2020 Bonds are outstanding or, if sooner, such time as all payments due under its Pledged Agreement have been made or its Loan is no longer outstanding under a Pledged Agreement.

MWRD is a frequent issuer of municipal obligations and its financial information and operating data is generally available from EMMA. MWRD most recently posted with EMMA on July 24, 2020 its Continuing Disclosure Report as of December 31, 2019 (the "*2019 MWRD Report*"). In the undertakings

delivered by MWRD on the respective dates of issuance of the Series 2016 Bonds, the Series 2017 Bonds and the Series 2019 Bonds (the “*MWRD Undertakings*”), MWRD agreed to provide, for such period of time as described above, financial information and operating data substantially in the form of the financial information and operating data included in the 2019 MWRD Report. Continuing disclosure information with respect to MWRD can be found on EMMA at the base CUSIP number for MWRD, which is 167560.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

Purpose. The mission of IEPA is to “safeguard environmental quality consistent with the social and economic needs of the State, so as to protect health, welfare, property and the quality of life.” IEPA operates under the auspices of the State Act and several other state statutes. Under State law, IEPA is designated as the primary operations agency for purposes of the major federal environmental protection programs. Statutory authority is granted for policy and regulatory development, planning and monitoring, permitting, inspections and enforcement, remedial actions, emergency management, and environmental infrastructure assistance.

IEPA has entered into separate capitalization grant agreements (“*Capitalization Grant Agreements*”) with the EPA to administer the Clean Water Program and the Drinking Water Program. With respect to the Clean Water Program, IEPA annually prepares an Intended Use Plan, which is presented in public hearings and which identifies wastewater treatment projects that are eligible for assistance from the Clean Water Program. Similarly, with respect to the Drinking Water Program, IEPA annually prepares an Intended Use Plan, which is presented in public hearings and which identifies drinking water projects that are eligible for assistance from the Drinking Water Program.

IEPA is responsible for the overall management of the SRF Programs, including review and approval of planning documents, plans and specifications, legal authority, dedicated source of revenue, and disbursement requests. See “STATE OF ILLINOIS SRF PROGRAMS” and “MEMORANDUM OF AGREEMENT”.

The offices of IEPA are located at 1021 North Grand Avenue East, Springfield, Illinois 62794 and its telephone number is (217) 782-3397.

Management Personnel. **John J. Kim** was appointed Acting Director of the IEPA on January 21, 2019 and confirmed by the Illinois Senate on May 31, 2019. Director Kim has served in many senior roles during his distinguished 25 years at the IEPA under five Governors of both parties. He most recently served as Chief Legal Counsel to the IEPA. He has also previously served as Director, Interim Director, Ethics Officer, Deputy General Counsel, Assistant Counsel/Special Assistant Attorney General, and Project Manager for an IEPA-China pollution prevention project. In 2008 and 2009, he left the IEPA for just over a year to serve as Acting General Counsel of the Illinois Department of Agriculture. Before joining IEPA, Director Kim was an Assistant Attorney General of Illinois and was the General Counsel to the Midwest Environmental Enforcement Association. He received his Juris Doctor from Southern Illinois University Carbondale and his Bachelor of Science in industrial engineering from the University of Illinois at Urbana-Champaign.

Todd Rettig is the Deputy Director of the IEPA where he is focused on planning, developing and coordinating IEPA operating and program activities for the Bureaus of Air, Water, Land and Division of Laboratories. Mr. Rettig most recently served as the Chief of the Illinois Environmental Protection Agency’s Bureau of Land from 2017-2019. He joined the Illinois Environmental Protection Agency as a staff attorney in 1991 and worked in the Division of Legal Counsel until 2004. From 2004 to 2017, Mr. Rettig worked for the Illinois Department of Natural Resources in several positions including as the Director of the Office of Realty and Environmental Planning, focusing on environmental contaminant response,

conservation acquisitions and wetland/endangered and threatened species consultations, and as the Director of the Office of Land Management, focusing on the conservation and management of the State Park System. Mr. Rettig received his BA from the University of Illinois (1987) and JD from IIT Chicago-Kent College of Law (1990).

Laura Roche is the Chief of Staff at IEPA, where she oversees the day-to-day operations of the Agency, including the legislative, personnel, labor, and fiscal offices, and advises the Director and senior staff on a variety of policy and operations issues. Ms. Roche previously served as the Chief of Staff at the Illinois Department of Children and Family Services (DCFS) and as the House Legislative Liaison in the Governor's Office. Ms. Roche started her career in 2009 as a legislative analyst with the Illinois House Republican Staff. She received a Bachelor of Arts degree from Marquette University in 2006 and a Master's degree from the University of Illinois – Springfield in 2009.

Charles Gunnarson was named Chief Legal Counsel for the IEPA in May 2020. In this capacity, he provides legal representation to the Director of the IEPA and senior management staff, interprets and assists with implementation of statutory and regulatory provisions, interacts with the regulated community and trade and advocacy groups, and supervises legal staff. Mr. Gunnarson joined the IEPA as an attorney in the Bureau of Water's Enforcement Unit in 1992 after practicing law privately upon graduation from law school. He served as Deputy General Counsel for the unit from 2014 to 2020. He graduated from the University of Illinois at Urbana-Champaign with a Bachelor of Arts degree in History in 1987, received a JD from the University of Illinois College of Law in 1990 and was admitted to the Illinois Bar in 1990.

Gary Bingenheimer was named Manager of the IEPA Infrastructure Financial Assistance Section in December 2017. Prior to being named Manager, Mr. Bingenheimer served as Acting Manager of such Section beginning in May 2014. Mr. Bingenheimer manages the day-to-day operations of the staff responsible for issuing the Loans and all activity related to the disbursement of Loan funds and the receipt of Loan repayments. Prior to joining the IEPA, Mr. Bingenheimer worked approximately five years in the electric utility industry performing electric rate analysis and cost of service studies. Mr. Bingenheimer joined the IEPA in November of 1996. After working approximately 8 years in the IEPA's Bureau of Water - Wastewater Permitting Section, Mr. Bingenheimer accepted the position as Manager of the Pre-Construction Unit in the Infrastructure Financial Assistance Section in 2006. Mr. Bingenheimer served in this capacity for approximately eight years, and, during such time, he was responsible for overseeing a staff of 10 Project Managers working hand-in-hand with communities seeking funding for wastewater and drinking water infrastructure improvement projects. Mr. Bingenheimer graduated from Southern Illinois University in Carbondale in 1990 with a degree in Electrical Engineering and is a licensed professional engineer in the State.

Elevated in late 2020, **Jacob Poeschel** is the IEPA Chief Financial Officer. He is responsible for IEPA's entire multi-billion dollar annual budget, including both the leveraged and non-leveraged portions of the IEPA Water Revolving Fund, by far the largest single component of the IEPA budget. Mr. Poeschel was previously the Water Revolving Fund Finance Manager and still continues to serve in this capacity. Prior to joining the IEPA in 2019, he served for nearly a decade in senior financial and budgetary roles at the Illinois Office of Comptroller, including Deputy Director of Funds Management and Deputy Director of State Accounting. Mr. Poeschel also has significant private sector experience in banking and financial services. He is a graduate of the University of Illinois – Springfield with a Bachelor in Business Administration with a focus on Accounting and Management Information Systems.

Kevin Bryant was named the IEPA Water Revolving Fund Finance Manager in the fall of 2013. In this capacity, he managed the accounting of the Loans, the coordination with the Authority on the issuance of bonds and reporting requirements for outstanding bonds, and the preparation of the annual

financial statements for the SRF Programs. He graduated in 1988 with a Bachelor of Science in Business with a Major in Accounting from Eastern Illinois University. Kevin retired from the IEPA on December 31, 2019. Kevin has returned to the IEPA on a part-time basis to assist with the issuance of the Series 2020 Bonds.

THE AUTHORITY

The Authority is a body politic and corporate duly organized and validly existing under the laws of the State. The Authority is governed by fifteen volunteer members who are appointed by the Governor and confirmed by the State Senate. The Governor directly appoints the Authority Chair. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

The Authority was established in 2004 to provide access to low-cost capital to public and private institutions in order to (1) promote a vigorous growing economy and avoid involuntary unemployment for Illinois residents; (2) reduce the cost of indebtedness to State taxpayers and residents; and (3) otherwise enhance the quality of life in Illinois by benefiting the health, welfare, safety, trade, commerce, industry and economy of the people of Illinois consistent with its statutory declarations of policy. The Authority was created under the Authority Act, which consolidated seven of the State's previously existing financing authorities (the "*Predecessor Authorities*"). All bonds, notes or other evidences of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Authority Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding \$28,150,000,000 (subject to change, from time to time, by acts of the State Legislature), excluding bonds issued to refund the bonds of the Authority or bonds of the Predecessor Authorities and also excluding certain bonds that have a separate statutory limit. The Authority's outstanding bonds as of the issuance of the Series 2020 Bonds will not exceed such authorized amount.

The Authority may from time to time issue bonds as provided in the Authority Act for the purposes set forth in the Authority Act. The Series 2020 Bonds are limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the Bond Resolution and the Master Trust Agreement authorizing the issuance of the Series 2020 Bonds. Any bonds issued by the Authority (and any premium thereon and the interest thereon) do not constitute an indebtedness or an obligation, general or moral, or a pledge of the full faith and credit of the State of Illinois or any political subdivision thereof within the purview of any constitutional or statutory limitation or provision. No owner of any Bond shall have the right to compel any exercise of the taxing power of the State of Illinois or any political subdivision thereof to pay any principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power.

The offices of the Authority are located at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Management Personnel. **Chris Meister** is the Executive Director of the Authority which has approximately \$24 billion outstanding in federally tax-exempt conduit bonds on behalf of hospitals, universities, schools, museums, senior living facilities, water projects, local governments, manufacturers, farmers and other qualified borrowers under federal tax law.

Chris has led the Authority for over a decade with a focus on the double bottom line: job creation/retention and savings to the state taxpayer. Notably, Chris has grown the Authority's balance sheet while eliminating in excess of \$100 million in legacy liabilities to the Illinois taxpayer. Since 2013, in

partnership with the Illinois Environmental Protection Agency, he restructured and has facilitated the growth of the State of Illinois Clean Water Initiative Revolving Fund leveraged bond program through five separate bond issues, including Illinois' first green bond issue in 2019 and the proposed issuance of the Series 2020 Bonds with the goal of providing cleaner water at a lower cost while stimulating jobs in essential water infrastructure. Building upon the Authority's record with respect to Clean Water Initiative and PACE, he launched the Authority's Climate Process aimed at responding to the "fundamental reshaping of finance" caused by climate change as described by Larry Fink, the CEO of Blackrock in his January 2020 letter to CEOs. Chris is an active member of the United States Environmental Protection Agency's Environmental Financial Advisory Board ("*USEPA EFAB*"). His USEPA EFAB contributions include collaborative work product with respect to financing the removal/mitigation of residential lead pipes, financing stormwater infrastructure and public private partnerships.

Lisa Bonnett is the Authority's Vice President for Water Policy. Lisa joined the Authority in 2018 after a long career in senior leadership roles at IEPA, including Director (twice), Deputy Director, Chief Financial Officer and additional key financial management roles. Earlier in her career, she participated in the execution of the 2002 and 2004 State Revolving Fund bond issues. After reconfiguring water loan operations in 2010 that allowed the State to take maximum advantage of federal stimulus funding, Lisa developed and executed the plan that has resulted in the modern Illinois Clean Water Initiative Revolving Fund leveraged bond program, including Illinois' first green bond issue in 2019 and the issuance of the Series 2020 Bonds this bond issue.

After a decades-long career in private practice focused exclusively on public finance, **Elizabeth Weber** joined the Authority as General Counsel and Ethics Officer in 2015. As a partner in private practice, Elizabeth served in all legal roles with respect to public finance, including bond counsel, underwriter's counsel, issuer's counsel, credit enhancer's counsel and borrower's counsel in hundreds of individual transactions across most major public finance sectors. With the Authority, she played an important role in the growth of the State of Illinois Clean Water Initiative Revolving Fund leveraged bond program. Elizabeth serves as a Member of the State of Illinois Railsplitter Tobacco Settlement Authority. Since 2011, Elizabeth has been a Fellow of the American College of Bond Counsel as well as being a longtime and active member of the National Association of Bond Lawyers.

After joining the Authority, shortly after its creation in 2004, in an entry level position, **Ximena "Six" Granda** has risen through the organization to her current position, Manager of Finance and Administration. Six oversees the Authority's Accounting, Auditing, Financial Reporting, Compliance, Human Resources and Procurement functions. From a financial reporting and auditing perspective on behalf of the Authority, Six was involved with the 2002 and 2004 State Revolving Fund bond issues that were refunded by the 2013 Clean Water Initiative bond issue as well as all of Clean Water Initiative bond issues since 2013. Six has deep financial and accounting experience in both the public and private sectors. She is a Board Member and the Chair of the Supervisory Committee at Northwest Community Credit Union. Six is a long-time member of the Government Finance Officers Association of the U.S. and Canada.

Charles Myart joined the Authority in 2018 as Vice President of Loans and Guarantees following a long private sector banking career focused predominately on risk management. Charles leads the Authority's pilot Deferred Action for Childhood Arrivals medical school loan program. He also oversees the Authority's lending relationships with the two first responder consolidated local pension funds created by State Senate Bill 1300 ("*SB 1300*"). SB 1300 constitutes a major modification to pension administration which involves the Authority and benefits Illinois taxpayers.

MEMORANDUM OF AGREEMENT

The MOA governs the duties and obligations of the Authority and the IEPA with respect to the issuance of the Series 2020 Bonds and any other Bonds issued in connection with the SRF Programs.

IEPA Responsibilities. IEPA has agreed in the MOA, among other matters, to:

(a) Establish procedures for reviewing, processing, and approving applications and documentation used in the SRF Programs;

(b) Review, process and approve loan applications and enter into loan agreements and loan amendments;

(c) Maintain the official project files and make them available for review by the Authority, its auditors, and professionals engaged to provide professional guidance to the Authority's bond or note obligations;

(d) Direct and coordinate the management of the SRF Programs with the Authority to the extent necessary to assist the Authority in the sale of Bonds for the SRF Programs, and provide the Authority with information necessary to prepare an official statement, ratings presentations and investor presentations and provide information necessary to support the designation of any series of Bonds as Green Bonds, including all reporting obligations associated with that designation;

(e) Coordinate with the Authority as to the timing, structure and level of revenue bond issuance necessary to fund loan obligations on a timely basis by giving the Authority notice not less than 120 days in advance of the first day of the month on which the IEPA would like the Authority to consider adoption of a resolution with respect to the issuance of the revenue bonds (which notice may be waived by the Authority in its discretion);

(f) In connection with each Continuing Disclosure Undertaking (each a "*Continuing Disclosure Agreement*") entered into by the Authority with respect to the Authority Bonds (as defined in (g), below), (a) provide the Authority with (i) information necessary to file annual continuing disclosure documents as specified in Exhibit I to such Continuing Disclosure Agreement (the "*Annual Financial Information*"), (ii) in the event that any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, a report allowing the Authority to disseminate a statement to such effect as part of the Annual Financial Information for the year in which such event occurs, (iii) information necessary to file any necessary reportable event disclosure documents related to the IEPA (as described in Exhibit II to such Continuing Disclosure Agreement), and (iv) a determination, and all information necessary for the Authority to confirm such determination, by December 31 of each year, commencing on December 31, 2016, of whether any loan participant is an "Obligated Participant" under any Continuing Disclosure Agreement, (b) include requirements in the Agreements obligating Participants to execute a continuing disclosure undertaking, in a form which, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Authority, complies with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934, pursuant to which such loan participants will agree to provide continuing disclosure documents to the extent that such Participants become "Obligated Participants" under any Continuing Disclosure Agreement and to compel each Obligated Participant, if necessary, to provide the information required under its continuing disclosure agreement, and (c) to provide a

certificate to the Authority (on a form jointly agreed by the Authority and the IEPA) within 31 calendar days after the date upon which any Obligated Participant's continuing disclosure agreement terminates because such Obligated Participant ceases to have any loans outstanding and pledged to secure any Bonds so that the Authority can give timely notice to the MSRB, through its EMMA system, that the continuing disclosure agreement of such Obligated Participant has been terminated. The IEPA acknowledges and agrees that the IEPA is responsible for providing all information related to the IEPA and the Participants necessary to enable the Authority to comply with its obligations under each Continuing Disclosure Agreement;

(g) Provide the Authority with any information necessary to respond to any audit or investigation by the Internal Revenue Service involving the SRF Programs, the Fund or the Authority bonds issued in connection with the SRF Programs ("*Authority Bonds*") and to comply with any tax exemption agreement in connection with the Authority Bonds, including, without limitation, providing prompt notice to the Authority of the proposed sale or other disposition of any facilities or the change in use of such facilities financed in whole or in part with loans under the SRF Programs that is known to the IEPA to enable the Authority to retain the appropriate legal, tax and financial experts to confirm compliance of any such transaction in order to preserve the tax-exempt status of the Authority Bonds;

(h) Execute such documentation as may be necessary in connection with any Bonds to evidence the assignment of Pledged Agreements by IEPA to the Authority;

(i) Provide quarterly reports to the Authority and any other information necessary for the Authority to determine and ensure compliance of the Bonds with any extraordinary mandatory redemption requirements as a result of Federal tax rules; and

(j) Implement the administrative rules governing the procedures of the SRF Programs, including the those allowing the IEPA to modify, amend or restructure existing Loans under certain circumstances (such as the Rule Amendments), and take actions to amend, change, modify, alter or terminate any Loans only in a manner which is consistent and compliant with the provisions the Master Trust Agreement described in APPENDIX A — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST AGREEMENT – Rights Under Pledged Agreements", or any substitute or replacement provisions that may be in place from time to time, restricting the Authority's ability to consent to modifications of existing Loans. Without limitation, the IEPA agrees to provide the Authority with all necessary information to enable the Authority to so comply.

Authority Responsibilities. The Authority has agreed in the MOA, among other matters to:

(a) Coordinate with IEPA as to the timing, structure and level of revenue bond issuance necessary to fund loan obligations on a timely basis and coordinate the drafting of all documents relating to the issuance and sale of revenue bonds or notes;

(b) Engage a rebate calculation agent to prepare all arbitrage rebate calculations required by federal tax law, and to assure that all required payments are timely paid, all in accordance with federal law and the bond documents in connection with bonds issued by the Authority under this Agreement;

(c) If Pledged Agreements are requested to be substituted by IEPA and other loans are pledged of an equivalent value ("*substituted loans*"), or if a Pledged Agreement is repaid by the

loan recipient (“*repaid loans*”), and the Master Trustee returns substituted loans or repaid loans under the Master Trust Agreement, the Authority shall take any and all action under the Master Trust Agreement for the release of the substituted loans or repaid loans from a Master Trust Agreement to IEPA using such forms for the Authority’s consent and IEPA’s certification in connection with such loan substitution as the Authority may designate;

(d) Subject to the IEPA complying with its obligation to provide the necessary information, (i) compile and file such annual continuing disclosure documents provided to the Authority by IEPA (as described in Exhibit I to each Continuing Disclosure Agreement), (ii) monitor and file as necessary such reportable event disclosure documents (as described in Exhibit II to each Continuing Disclosure Agreement), and (iii) coordinate, monitor and file continuing disclosure documents as may be required of Obligated Participants, all as required pursuant to the Continuing Disclosure Agreement;

(e) Report to the Master Trustee based on information and reports by the IEPA that repayments on Pledged Agreements (for the SRF Programs) will satisfy financial requirements contained in the Master Trust Agreement for all outstanding Authority Bonds. Such certification shall be made (i) on a quarterly basis for any quarter in which the IEPA provides notification of any of the following events: (A) that any Pledged Agreement will be or is prepaid in advance of the stated maturity, (B) effective date of any amendments agreed to by the IEPA to any Pledged Agreement which reduce the amounts payable in any year, or (C) release, substitution or addition of any Pledged Agreement at the direction of the IEPA and (ii) promptly upon notification by the IEPA that more than an aggregate of ten percent of the outstanding amount under the Pledged Agreements has or will be prepaid in advance of the stated maturity or otherwise released. The Authority shall also provide copies of such reports to the Rating Agencies; and

(f) Post on its website information provided to it by the IEPA necessary to support the designation of any series of Bonds as Green Bonds.

The MOA shall continue in effect until all bonds and notes of the Authority issued in accordance with the MOA have been paid in full, unless earlier terminated. Any party may terminate the MOA with notice to the other party or the MOA may be terminated by operation of law; *provided* that the MOA may not be terminated for so long as any Authority Bonds remain outstanding. The termination of the MOA by either party or by operation of law shall not relieve the other party of any obligations or liabilities accrued prior to the effective date of such termination.

INVESTMENT CONSIDERATIONS

A prospective purchaser of the Series 2020 Bonds should be aware that there are certain investment considerations associated with the Series 2020 Bonds. Each prospective purchaser of the Series 2020 Bonds should read this Official Statement in its entirety, and give particular attention to the considerations described below which, among others, could affect the payment of debt service and the market price on the Series 2020 Bonds. The following statements regarding certain investment considerations should not be considered a complete description of all considerations in the decision to purchase the Series 2020 Bonds.

LIMITED OBLIGATIONS

The Series 2020 Bonds are limited obligations of the Authority payable on a parity basis with the Outstanding Bonds and any Additional Indebtedness issued in the future solely from the revenues derived from the Pledged Agreements, or other amounts pledged as security for the Series 2020 Bonds and to the extent set forth in the Master Trust Agreement. The Series 2020 Bonds and interest thereon shall never constitute an indebtedness of the Authority or the State, or any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation, and shall not constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit or the taxing powers of the State or any political subdivision thereof. The Authority has no taxing power.

In the event the SRF Program has insufficient funds to pay principal of or the interest on the Series 2020 Bonds, Participants are not required to pay amounts in excess of the amounts originally agreed to pursuant to their Agreements to make up revenue shortfalls of the SRF Programs.

LOCAL LAW LIMITATIONS

If a Participant decides to construct additional facilities, any difficulties which such Participant may encounter in completing, acquiring or operating such additional facilities may negatively impact the Participant's ability to satisfy its obligations on the Pledged Agreements. A number of specific and general legal restraints may adversely affect the ability of Participants to repay their Pledged Agreements, including but not limited, to the ability of a Participant to raise new or additional taxes and utility rates and charges.

LIMITATION OF REMEDIES

The remedies available to the Master Trustee or the holders of the Series 2020 Bonds upon an Event of Default under the Master Trust Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the federal bankruptcy code and the Master Trust Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Upon the occurrence of an Event of Default under the Master Trust Agreement, there is no remedy of acceleration available to the Master Trustee with respect to the Series 2020 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—No Acceleration".

Should any of the foregoing occur, or should the collection of Loan payments decline due to economic conditions, the Participant would be obligated under the Agreement to increase its system rates, fees and/or charges as necessary to pay the Loan payments. If a Participant failed to or was not able to increase rates by the amount required, then the ability of the Participant to make timely Loan payments could be impaired. This, in turn, could also impair the ability of the Authority to pay the principal of and interest on the Series 2020 Bonds.

OTHER FUTURE CONSIDERATIONS

In the future, the following factors, among others, may adversely affect the operations of municipalities, including the Participants, or the market value of the Series 2020 Bonds, to an extent that cannot be determined at this time:

- Adoption of legislation or implementation of regulations that would modify the Clean Water Program and the Drinking Water Program.
- The discontinuation, or reduction from current levels, of appropriations by the federal government with respect to capitalization funding for the SRF Programs as authorized by the Clean Water Act and the Safe Drinking Water Act.
- Reduced demand for the services of the Participants that might result from decreases in population.
- Insolvency of a Participant.
- The occurrence of a natural or man-made disaster, a pandemic or an epidemic that could damage the facilities of a Participant, and the generation of revenues from such facilities.
- As discussed under “TAX EXEMPTION” herein, interest on the Series 2020 Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Series 2020 Bonds were issued, as a result of future acts or omissions of the Authority in violation of its covenants in the Master Trust Agreement or future congressional actions. Should such an event of taxability occur, the Series 2020 Bonds are not subject to acceleration or any special redemption solely as a result of the occurrence of events which would cause taxability and will remain outstanding until maturity or earlier redemption.

CONSIDERATIONS RELATED TO NOVEL CORONAVIRUS 2019

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and has negatively impacted and is expected to have significant continued negative impacts on national, state and local economies.

President Trump declared a “national emergency” and Illinois as a disaster area, which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. In addition, Congress has enacted several federal programs to address the impact of COVID-19.

In response to the pandemic, Governor Pritzker signed various executive orders designed to prevent the further spread of COVID-19 that, as originally issued, (i) required all Illinoisans (with certain exceptions) to stay in their homes, (ii) ceased operations for all non-essential businesses in the State, (iii) closed all bars and restaurants to dine-in customers and (iv) prohibited all public and private gatherings of 10 or more people. Following expiration of these initial executive orders, the Governor established a five-phase approach to reopening the State’s businesses, with each successive phase easing certain of the restrictions previously imposed by such executive orders. The Governor’s reopening plan divides the State

into regions, which allows for additional public health restrictions and mitigations to be imposed on a region-by-region basis depending on COVID-19 test positivity rates. All regions of the State are currently in the fourth phase of this reopening plan, however, as a result of rising positivity rates throughout the State, additional mitigation measures were imposed on all regions of the State, effective November 20, 2020. These mitigation measures impose additional restrictions on businesses and public and private gatherings relative to those set forth for the fourth phase of the reopening plan.

The COVID-19 pandemic and the governmental and private actions in response thereto may have an adverse impact on the financial condition and operating results of the Participants which could, in turn, impact the ability of the Participants to make the payments due under the Pledged Agreements. No Participant has informed the IEPA of any anticipated difficulty in making payments due under Pledged Agreements as a result of impacts related to COVID-19. Though certain of the Participants have failed to make timely payments under Pledged Agreements during the last year, to the IEPA's knowledge such delinquencies were not related to financial hardship, whether caused by the COVID-19 pandemic or otherwise. See "PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Payment Delinquencies with Respect to Pledged Agreements" herein. If the COVID-19 pandemic does negatively impact the receipt of payments under the Pledged Agreements, the Authority may have difficulty paying debt service on the Series 2020 Bonds.

Neither the Authority nor the IEPA makes any prediction as to the effect of the COVID-19 pandemic or the various governmental or private actions in reaction thereto on the financial condition of the Participants or the ability of Participants to pay as required by the Pledged Agreements.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the efficient operation of the Authority and the IEPA. Despite the implementation of network security measures by the Authority and IEPA, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the Authority and the IEPA do not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the operations and financial health of the Authority and the IEPA. Further, as cybersecurity threats continue to evolve, the Authority and the IEPA may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

The Authority's website was hacked by unknown third parties in December of 2017 (the "*2017 Incident*"). No funds or data was compromised in the 2017 Incident nor was the Authority liable to any third parties. Earlier, the Authority had obtained cybersecurity insurance as part of its overall insurance program. The Authority's website is a segregated hosted site outside of the Authority's system and has no connection to the Authority's systems. After the 2017 Incident, the Authority engaged a third party analyst to determine exposure and how to mitigate or eliminate it. The third party investigation identified both the source of exposure and the path to exploit the exposure. The Authority's consultants then removed the hacked website, built a new website, and restored the website from backup.

The Authority has added an additional website firewall protection in addition to the State's overall firewall, and updated server operating system and content management software ("*CMS*") versions. In addition, the Authority has removed unused administrative accounts and regularly schedules CMS security

updates. Authority staff and vendors take State-mandated annual security awareness training. The Authority has written policies regarding user access and security. The Authority's system is protected by a firewall that provides monitoring and notification of any suspected attack. Cyber security is a regular feature of testing by both external and internal auditors, including two Authority initiated audits on information technology security practices (2019) and remote work (2020). The Authority continues to regularly invest in both software and hardware upgrades with a view towards mitigating or eliminating exposure to hostile third party probes and attacks.

LITIGATION

THE AUTHORITY

There is not now pending (as to which the Authority has received service of process) nor, to the knowledge of the Authority, threatened, any litigation that seeks to restrain or enjoin the issuance or delivery of the Series 2020 Bonds or questions or affects the validity of the Series 2020 Bonds or the proceedings or authority under which they are to be issued.

IEPA

There is not now pending (as to which IEPA has received service of process), nor to the knowledge of IEPA, threatened any litigation that (i) seeks to restrain or enjoin the issuance or delivery of the Series 2020 Bonds or questioning or affecting the validity of the Series 2020 Bonds or the proceedings and authority under which the Series 2020 Bonds are to be issued, or the pledge or application of any moneys or security provided for the payment of the Series 2020 Bonds, (ii) in any manner questions the right of IEPA to enter into the bond purchase agreement described under the caption "UNDERWRITING" or the MOA, or (iii) seeks to restrain or enjoin the execution and delivery of or performance under the Pledged Agreements, the Bond Purchase Agreement or the MOA.

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2020 Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX EXEMPTION" herein) are subject to the legal opinion of Katten Muchin Rosenman LLP, Bond Counsel to the Authority. Signed copies of the legal opinion, dated and premised on law in effect as of the date of delivery of the Series 2020 Bonds, will be delivered to the Authority at the time of original delivery of the Series 2020 Bonds. The proposed form of such legal opinion is attached to this Official Statement as APPENDIX C—"PROPOSED FORM OF BOND COUNSEL OPINION". Certain legal matters will be passed upon for the Authority by its counsel, Schiff Hardin LLP, Chicago, Illinois; for the Underwriters by their co-counsel, Chapman and Cutler LLP and Burke Burns & Pinelli, Ltd.; and for IEPA by its Chief Legal Counsel.

TAX EXEMPTION

SUMMARY OF BOND COUNSEL OPINION

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Series 2020 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Series 2020 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition,

interest on the Series 2020 Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Series 2020 Bonds is not exempt from Illinois income taxes.

SERIES 2020 BONDS PURCHASED AT A PREMIUM

The difference (if any) between the initial price at which a substantial amount of each maturity of the Series 2020 Bonds is sold to the public (the “*Offering Price*”) and the principal amount payable at maturity of such Series 2020 Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Series 2020 Bond, the difference between the two is known as “bond premium.”

Bond premium is amortized over the term of a Series 2020 Bond on the basis of the Series 2020 Bonds yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period and is subtracted from the owner’s tax basis in the Series 2020 Bond. A Series 2020 Bonds’ adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Series 2020 Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Series 2020 Bond).

Owners who purchase Series 2020 Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Series 2020 Bonds. In addition, owners of Series 2020 Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series 2020 Bonds; under the applicable provisions of state or local income tax law, bond premium may give rise to taxable income at different times and in different amounts than is the case for Federal income tax purposes.

EXCLUSION FROM GROSS INCOME: REQUIREMENTS

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series 2020 Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2020 Bonds. These requirements relate to the use and investment of the proceeds of the Series 2020 Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2020 Bonds and the use of the property financed with the proceeds of the Series 2020 Bonds. Among these specific requirements are the following:

(a) *Investment Restrictions.* Except during certain “temporary periods,” proceeds of the Series 2020 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “minor portion”) may generally not be invested in investments having a yield that is materially higher than the yield on the Series 2020 Bonds.

(b) *Rebate of Permissible Arbitrage Earnings.* Unless the Series 2020 Bonds qualify for an exception, earnings from the investment of the “gross proceeds” of the Series 2020 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2020 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Series

2020 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2020 Bonds.

(c) *Limitations on Private Use.* The Code includes limitations on the amount of Series 2020 Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

COVENANTS TO COMPLY

The Authority covenants in the Master Trust Agreement to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2020 Bonds.

RISK OF NON COMPLIANCE

In the event that the Authority fails to comply with the requirements of the Code, interest on the Series 2020 Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the Master Trust Agreement does not require acceleration of payment of principal of or interest on the Series 2020 Bonds or payment of any additional interest or penalties to the owners of the Series 2020 Bonds.

FEDERAL INCOME TAX CONSEQUENCES

Pursuant to Section 103 of the Code, interest on the Series 2020 Bonds is not includible in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2020 Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2020 BONDS.

(a) *Cost of Carry.* Owners of the Series 2020 Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the Series 2020 Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by reference to their adjusted basis in the Series 2020 Bonds.

(b) *Corporate Owners.* Interest on the Series 2020 Bonds is taken into account in computing earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series 2020 Bonds is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

(c) *Individual Owners.* Receipt of interest on the Series 2020 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

(d) *Certain Blue Cross or Blue Shield Organizations.* Receipt of interest on the Series 2020 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

(e) *Property or Casualty Insurance Companies.* Receipt of interest on the Series 2020 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

(f) *Foreign Personal Holding Company Income.* A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2020 Bonds held by such a company is properly allocable to the shareholder.

CHANGE OF LAW

The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Series 2020 Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Series 2020 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2020 Bonds.

Interest on the Series 2020 Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series 2020 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult with their tax advisors regarding the applicability of any state and local taxes.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the Authority the Series 2020 Bonds described in this Official Statement at an aggregate purchase price of \$635,314,299.34, reflecting the par amount of the Series 2020 Bonds plus an original issue premium of \$137,306,169.25 and less an Underwriters' discount of \$1,991,869.91, and to reoffer such Series 2020 Bonds at the public offering price or prices set forth on the inside cover page hereof. The Series 2020 Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering price and the Underwriters may change such prices, from time to time. The Underwriters reserve the right to lower such initial offering prices as it deems necessary in connection with the marketing of the Series 2020 Bonds. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2020 Bonds if any Series 2020 Bonds are purchased.

The Underwriters have designated Citigroup Global Markets Inc., as Representative of the Underwriters of the Series 2020 Bonds. The Representative reserves the right to join with dealers and other underwriters in offering the Series 2020 Bonds to the public. The obligation of the Underwriters to accept delivery of the Series 2020 Bonds is subject to the terms and conditions set forth in the bond purchase agreement, the approval of legal matters by counsel and other conditions. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2020 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “*Fidelity*”). As part of the distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through Fidelity. As part of this arrangement, Fidelity will receive all related selling compensation for its selling efforts with respect to the Bonds.

FINANCIAL ADVISOR

Acacia Financial Group, Inc., Chicago, Illinois (the “*Financial Advisor*”) has been retained by the Authority to provide financial advisory services with respect to the Series 2020 Bonds. Under the terms of its engagement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

RELATIONSHIPS AMONG THE PARTIES

In other transactions or pursuant to other programs of the Authority not related to the Series 2020 Bonds, each of the law firms identified under the heading “LEGAL MATTERS” may have represented, or may be representing, the Authority, any of the Underwriters or the Master Trustee or their affiliates in capacities different from those in connection with the issuance of the Series 2020 Bonds. The law firms identified under the heading “LEGAL MATTERS” may represent various Participants and may represent the Participants in connection with future Pledged Agreements which may be funded with the proceeds of the Series 2020 Bonds or with proceeds of other bonds. Potential purchasers of the Series 2020 Bonds should not assume that the Authority, IEPA, the Underwriters, the Financial Advisor, the Participants and the Master Trustee, or their respective counsel, have not previously engaged in, are not presently engaged in, or will not after the issuance of the Series 2020 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past, present or future relationships or transactions between or among any of these parties or the law firms referenced herein.

RATINGS

Fitch Ratings (“*Fitch*”) and S&P Global Ratings (“*S&P*”), have assigned the Series 2020 Bonds the ratings of “AAA” (Stable Outlook) and “AAA” (Stable Outlook), respectively. No application was made to any other rating service for the purpose of obtaining additional ratings for the Series 2020 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. The ratings are not a recommendation to buy, sell or hold the Series 2020 Bonds, and the ratings and the Series 2020 Bonds should be evaluated independently.

Certain information and materials not included in this Official Statement were furnished to the rating agencies by the Authority and IEPA. Generally, rating agencies base their ratings on the information and materials furnished to them and on their investigations, studies and assumptions. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Series 2020 Bonds any proposed revision or withdrawal of the ratings of the Series 2020 Bonds or to oppose any such proposed revision or withdrawal. The Authority has, however, undertaken, as part of its continuing disclosure obligation (see “CONTINUING DISCLOSURE” below) to file with the MSRB all rating changes relating to the Series 2020 Bonds. There is no assurance that any of the ratings will continue for any given period of time or that any rating may not be lowered or withdrawn if, in the judgment of a rating agency, circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market prices of the Series 2020 Bonds.

IEPA CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Series 2020 Bonds, IEPA will deliver a certificate of the Director addressed to the Underwriters to the effect that it has examined this Official Statement (including the Appendices) and the financial and other data concerning the SRF Programs contained herein and that, to the best of the Director’s knowledge and belief (i) this Official Statement (excluding APPENDIX C—“PROPOSED FORM OF BOND COUNSEL OPINION”), both as of its date and as of the date of delivery of the Series 2020 Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Series 2020 Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of IEPA or the SRF Programs except as set forth in or contemplated by this Official Statement.

CONTINUING DISCLOSURE

The Authority will enter into an undertaking (the “*Authority Undertaking*”) for the benefit of the beneficial owners of the Series 2020 Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of Rule 15c2-12(b)(5) (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The MSRB has designated EMMA as the system to be used for continuing disclosure to investors. The MOA obligates the IEPA to provide to the Authority certain financial information and operating data to permit the Authority to satisfy its obligations under the Authority Undertaking. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and the other terms of the

Authority Undertaking, including termination, amendment and remedies, are set forth in APPENDIX D—“FORM OF CONTINUING DISCLOSURE AGREEMENT”.

The Authority agrees in the Authority Undertaking to confirm the IEPA’s determination as to whether any Participant is an Obligated Participant and to cause to be provided such financial information and operating data of any Obligated Participant, as the Authority determines is necessary to comply with the Rule. The MOA obligates the IEPA to provide the Authority with all information necessary to permit such determination to be made on an annual basis. Upon the issuance of the Series 2020 Bonds, MWRD will be the only Participant deemed to be an Obligated Participant with respect to the Series 2020 Bonds based upon the Participant Criteria for Continuing Disclosure, as described above under “THE PARTICIPANTS”.

Unless another Participant subsequently becomes an Obligated Participant, no financial and operating information of any Participant, other than MWRD as described above, will be provided. The Loan Agreement of any such Participant provides that, upon becoming an Obligated Participant, it will be required to enter into an undertaking substantially in the form of APPENDIX E—“FORM OF OBLIGATED PARTICIPANT CONTINUING DISCLOSURE AGREEMENT”. Each Obligated Participant’s obligation described herein will terminate when none of its Pledged Agreement remains outstanding or is subject to the lien of the Master Trust Agreement.

The Authority (together with the Governor’s Office of Management and Budget of the State, as dissemination agent) entered into a continuing disclosure undertaking in connection with the issuance of certain obligations issued by the Authority to leverage available loan funds under the SRF Programs (the “*Prior Undertakings*”). In the last five years, the Authority has timely made all filings required by its previous undertakings entered into pursuant to the Rule, however, certain filings required by such undertakings were not initially linked to one of the CUSIP numbers for the Series 2017 Bonds. Such filings have since been linked to all applicable CUSIP numbers. The Authority has instituted procedures (as summarized in the MOA) for the timely filing of all financial information and operating data as may be required of any Obligated Participant in connection with the Series 2020 Bonds. See “MEMORANDUM OF AGREEMENT” set forth herein.

MWRD has timely made all filings required by its previous undertakings entered into pursuant to the Rule, however, certain annual financial information and audited financial statement filings required by such undertakings were not initially linked to all applicable CUSIP numbers on the EMMA system. Such filings have since been linked to all applicable CUSIP numbers.

A failure by the Authority or an Obligated Participant to comply with the Authority Undertaking or the Obligated Participant Undertaking, as applicable, will not constitute a default under the Master Trust Agreement and beneficial owners of the Series 2020 Bonds are limited to the remedies described in the respective Undertakings. A failure by the Authority or an Obligated Participant to comply with their respective Undertakings must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2020 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2020 Bonds and their market price.

MISCELLANEOUS

All references to statutes, the Series 2020 Bonds, the Fifth Supplemental Master Trust Agreement, the Master Trust Agreement, the Pledged Agreements, the MOA, the Assignment Agreement and other documents contained in this Official Statement are brief summaries of certain provisions thereof and do not purport to be definitive or comprehensive, and all references thereto are qualified in their entirety by reference to the actual statutes and documents. Statements herein involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as, and is not, a contract with the Owners of the Series 2020 Bonds.

The attached Appendices A through G are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing information.

This Official Statement, its distribution and use by the Underwriters and its execution and delivery by an authorized officer of IEPA and the Authority, respectively, have been duly authorized and approved by IEPA and the Authority.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

By: /s/ John J. Kim
Director

ILLINOIS FINANCE AUTHORITY

By: /s/ Christopher B. Meister
Executive Director

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APPENDIX A

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST AGREEMENT

The following is a summary of certain provisions of the Master Trust Agreement not summarized elsewhere in this Official Statement. Reference is made to the Master Trust Agreement for a complete description thereof. The discussion in the Master Trust Agreement is qualified in its entirety by such reference.

DEFINITIONS OF CERTAIN TERMS

“*Act*” means collectively, the Illinois Finance Authority Act 20 ILCS 3501/801-1 *et seq.*, and the Illinois Environmental Facilities Financing Act, 20 ILCS 2000/1 *et seq.*, and all future acts supplemental thereto and amendatory thereof.

“*Additional Indebtedness*” means all Indebtedness of the Authority to be secured by the Revenues and, unless otherwise provided in a Supplemental Master Trust Agreement, all funds, accounts and subaccounts held pursuant to the Master Trust Agreement.

“*Agreement(s)*” means, individually or collectively, as applicable, the Loan Agreements between the IEPA and each of the Participants receiving a Loan under the Clean Water Program or Drinking Water Program, dated their respective dates of execution, and any amendments and supplements thereto, including without limitation, the related Local Obligations.

“*Annual Debt Service*” means the projected amount of annual Debt Service for all Outstanding Bonds computed for the then current Bond Year and any future Bond Year.

“*Assignment Agreement*” means the Assignment of Loans dated as of December 5, 2013 from the IEPA to the Authority, as amended and restated by the Amended and Restated Assignment of Loans, dated as of September 1, 2016 from the IEPA to the Authority, the Second Amended and Restated Assignment of Loans, dated August 17, 2017, from the IEPA to the Authority, the Third Amended and Restated Assignment of Loans, dated as of October 1, 2018, from the IEPA to the Authority, and the Fourth Amended and Restated Assignment of Loans, dated as of December 1, 2020, from the IEPA to the Authority, and as the same shall be further supplemented and amended.

“*Authority*” means the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under the laws of the State of Illinois.

“*Authorized Denominations*” shall have the meaning with respect to a series of Bonds as set forth in the related Supplemental Master Trust Agreement. In the case of the Series 2020 Bonds, the Authorized Denomination is \$5,000 or any integral multiple thereof.

“*Authorized Officer*” means in the case of the Authority, the Chairperson, Vice Chairperson, Executive Director, General Counsel or Chief Financial Officer of the Authority or any other person designated as such by a resolution of the members of the Authority.

“*Balloon Indebtedness*” means long-term Indebtedness, 25% or more of the original principal of which matures during any consecutive 12-month period, if such maturing principal amount is not required to be amortized below such percentage, by mandatory redemption or prepayment prior to such 12-month

period. Balloon Indebtedness does not include Indebtedness which otherwise would be classified as Put Indebtedness.

“*Bond*” or “*Bonds*” means any bond or bonds or all the bonds, as the case may be, of the Authority, in one or more series, relating to the Clean Water Program or the Drinking Water Program, or both, issued and secured pursuant to the Master Trust Agreement.

“*Bond Counsel*” means an attorney or firm of attorneys approved by the Authority that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on state and local government bonds from gross income under federal tax law.

“*Bond Fund*” means the trust fund described under the caption Bond Fund below.

“*Bond Registrar*” means the Master Trustee.

“*Bond Register*” means the registration record maintained by the Bond Registrar under the Master Trust Agreement.

“*Bondholder*” or “*holder*” or “*owner*” means the Registered Owner of any Bond.

“*Bond Year*” means, for purposes of the Master Trust Agreement and the tests set forth in the Master Trust Agreement, each twelve-month period ending on July 1 of any year in which Bonds are Outstanding.

“*Business Day*” means any day which is not a Saturday or Sunday and which is not a legal holiday on which federally chartered savings banks, banks or trust companies located in Chicago, Illinois are authorized or required by law to close.

“*Capitalization Grant Agreement*” means any EPA Assistance Agreement/Amendment between the IEPA and the EPA, pursuant to which the IEPA becomes the recipient of Grant Proceeds for the purpose of providing additional financing for the Clean Water Program or the Drinking Water Program, as applicable.

“*Clean Water Participant(s)*” means, individually or collectively, as applicable, Participants whose Loans are funded under the Clean Water Program.

“*Clean Water Program*” means the Illinois Water Pollution Control Loan Program established and administered by the IEPA to carry out the purposes set forth in the Act and the Water Quality Act.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“*Costs of Issuance*” means any and all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, sale and issuance of the Bonds, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Master Trustee, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Bonds, underwriting or placement fees, and other costs, charges and fees in connection with the issuance of the Bonds.

“*Credit Enhancement*” means with respect to any Bonds, any insurance policy, surety bond, letter of credit, line of credit or other form of credit enhancement issued by a bank, trust company, national banking association, insurance company or other credit provider in favor of the Bondowners of such Bonds for the purpose of providing a source of funds for the payment of all or a portion of the Bonds secured by such credit enhancement.

“*CWSRF Loan*” means a Loan made to a Participant under the Clean Water Program.

“*CWSRF Reserve Account*” means the account created in the Equity Fund with respect to the Clean Water Program.

“*CWSRF Revenue Account*” means the account created in the Revenue Fund for the deposit of investment earnings and Loan repayments made by the Participants with respect to the Clean Water Program.

“*Debt Service*” means, for any period of time for which calculated, the aggregate of the scheduled payments required to be made during such period in respect of principal (whether at maturity or as a result of scheduled mandatory redemption or scheduled mandatory prepayment) and interest on Outstanding Indebtedness; *provided* that to the extent cash or other funds are on deposit in an escrow or trust account or in the funds, accounts or subaccounts of the Master Trust Agreement such funds may be taken into account as to be applied to pay such principal or interest. Calculation of Debt Service with respect to balloon Indebtedness, short-term bonds or notes or Variable Rate Bonds shall be made as follows:

(a) For purposes of computing the interest payable on any Variable Rate Bonds that are not subject to a Swap Agreement, the rate of interest shall be assumed to equal, as applicable, either (i) if such Variable Rate Bonds have been or are to be issued as obligations exempt from federal income taxation, the monthly average SIFMA Municipal Swap Index during the 5 years (*i.e.*, most recent 60 complete months) preceding the date of such calculation or (ii) if such Variable Rate Bonds have been or are to be issued as obligations subject to federal income taxation, the monthly average LIBOR during the 5 years (60 complete months) preceding the date of such calculation.

(b) For purposes of computing the interest payable on any Bonds that are subject to a Swap Agreement, (i) if, pursuant to the terms of the applicable Supplemental Master Trust Agreement, the Authority’s variable rate liability on all or a portion of any Variable Rate Bonds has been swapped to a fixed rate liability, or capped pursuant to an interest rate cap agreement or similar agreement, interest payable with respect to said Bonds shall be calculated as if the Bonds bear interest at said fixed swap rate or cap “strike rate,” as appropriate, (ii) if, pursuant to the terms of the applicable Supplemental Master Trust Agreement, the Authority’s fixed rate liability on all or a portion of any Bonds has been swapped to a variable rate liability, interest payable with respect to said Bonds shall be calculated as if the Bonds bear interest at a variable rate, pursuant to (a) above.

(c) For purposes of computing the principal and interest due on any Balloon Indebtedness, Put Indebtedness or short-term obligations, including but not limited to bond anticipation notes, the Authority shall assume that the principal on such obligations is amortized on a substantially level debt service basis over a term of not more than thirty years, with interest on such amounts calculated at a rate or rates, as applicable, equal to the then applicable rates for comparable maturities of municipal bonds of comparable credit rating as set forth in a nationally

recognized municipal market publication, including, without limitation, interest rate scales published by Municipal Market Data, a divisions of Thomson Reuters, any successor or any other similar nationally recognized service, plus 1.00%.

“Debt Service Requirement” means the respective principal and interest requirements on the State Match CWSRF Portion, the State Match DWSRF Portion, the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds due on the next succeeding Interest Payment Date.

“Default” and *“Event of Default”* mean any occurrence or event specified in and defined as such in the Master Trust Agreement, including, but not limited to, those items summarized under the heading “DEFAULTS; EVENTS OF DEFAULT” below.

“Director” means the Director of the IEPA.

“Drinking Water Participant(s)” means, individually or collectively, as applicable, Participants whose Loans are funded under the Drinking Water Program.

“Drinking Water Program” means the Illinois Drinking Water State Revolving Fund Program established and administered by the IEPA to carry out the purposes of the Act and the Safe Drinking Water Act.

“DWSRF Loan” means a Loan made to a Participant under the Drinking Water Program.

“DWSRF Reserve Account” means the account created in the Equity Fund with respect to the Drinking Water Program.

“DWSRF Revenue Account” means the account created in the Revenue Fund for the deposit of investment earnings and Loan repayments made by the Participants with respect to the Drinking Water Program.

“EPA” means the United States Environmental Protection Agency or any successor entity which may succeed to the administration of the programs established by the Water Quality Act or the Safe Drinking Water Act.

“Equity Fund” means the trust fund described under the heading “EQUITY FUND” below.

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

“Federal Environmental Laws” means the Water Quality Act and the Safe Drinking Water Act, each as amended, and any other federal statutes related or supplemental thereto, as well as any written guidance, policies, procedures, questions and answers, regulations and rules of the EPA relating to such acts, other statutes or the SRF Programs.

“Federal Securities” means (a) bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest, and (b) bonds, notes, debentures and similar obligations of the United States of America, federal land banks, federal intermediate credit banks, banks for cooperatives, federal farm credit banks, federal home loan banks and the Federal Home Loan Mortgage Corporation.

“*Governmental Obligations*” means non-callable direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein.

“*Grant Proceeds*” means the funds received under a capitalization grant award made to the IEPA by the EPA under the terms of a Capitalization Grant Agreement.

“*Granting Clause*” means the Granting Clause of the Master Trust Agreement, pursuant to which the Master Trust Estate is established for Bondholders.

“*IEPA*” means the Illinois Environmental Protection Agency, or any successor to the duties and functions of such Agency.

“*Indebtedness*” means all debt or obligations payable from the Revenues of the SRF Program and the funds, accounts and subaccounts held pursuant to the Master Trust Agreement.

“*Independent Counsel*” means any lawyer or firm of lawyers not in the regular employ of the Authority or the IEPA, duly admitted to practice law before the highest court of the State and approved by the Authority.

“*Interest Payment Date*” means any date on which an installment of interest is payable on a Series of Bonds, which shall be, unless otherwise provided in a Supplemental Master Trust Agreement, each January 1 and July 1.

“*Leveraged CWSRF Portion*” shall mean that portion of a Series of Bonds described in the applicable Supplemental Master Trust Agreement.

“*Leveraged DWSRF Portion*” shall mean that portion of a Series of Bonds described in the applicable Supplemental Master Trust Agreement.

“*Leveraged Portions*” shall mean, individually or collectively, as applicable, the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of a Series of Bonds.

“*LIBOR*” shall mean the interest rate per annum which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Bank which has been approved by the British Bankers’ Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (an “*Alternate Source*”), at approximately 11:00 a.m., London time, as the one (1) month London interbank offered rate for US dollars commencing on such Reset Date (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Master Trustee at such time (which determination shall be conclusive absent manifest error)).

“*Loan*” means the principal amount of moneys loaned to any Participant under an Agreement.

“*Loan Origination Fund*” means the trust fund described under the heading “LOAN ORIGINATION FUND” below.

“*Loan Support Fees*” means the loan support fees charged to Participants under the Agreements.

“*Local Obligation*” means the bond, note or other obligation issued by a Participant to evidence the Loan made to such Participant.

“*Master Trust Agreement*” means the Master Trust Agreement dated as of November 1, 2013, as from time to time amended and supplemented in accordance with terms of the Master Trust Agreement, between the Authority and the Master Trustee.

“*Master Trust Estate*” means the property pledged and conveyed to the Master Trustee pursuant to the Granting Clauses of the Master Trust Agreement.

“*Master Trustee*” means Amalgamated Bank of Chicago, an Illinois State banking association, and any successor master trustee.

“*Memorandum of Agreement*” means the Memorandum of Agreement dated as of November 1, 2013 by and between the Authority and the IEPA, as amended by the First Amendment to Memorandum of Agreement dated as of June 30, 2014, the Second Amendment to Memorandum of Agreement dated as of September 1, 2016, the Third Amendment to Memorandum of Agreement dated as of April 1, 2017, the Fourth Amendment to Memorandum of Agreement dated as of September 1, 2017, the Fifth Amendment to Memorandum of Agreement dated as of April 1, 2019, and the Sixth Amendment to Memorandum of Agreement dated as of December 1, 2020, as from time to time further amended and supplemented in accordance with its terms.

“*Officer’s Certificate*” means a certificate signed by an Authorized Officer of the Authority, as may be required under the Master Trust Agreement, in the form attached to the Master Trust Agreement, with such changes as are needed from time to time in connection with delivery of such Officer’s Certificate.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel addressed to the Authority and the Master Trustee.

“*Outstanding Bonds*” or “*Bonds Outstanding*” mean all Bonds which have been authenticated and delivered by the Master Trustee under the Master Trust Agreement, except:

(a) Bonds canceled after purchase in the open market or because of payment at, or redemption prior to, maturity;

(b) Bonds for which moneys shall have been theretofore deposited with the Master Trustee for the payment or redemption thereof (whether upon or prior to the maturity or redemption date of any such Bonds) in satisfaction of the requirements of the Master Trust Agreement described under the heading “DISCHARGE OF LIENS” below; *provided* that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Master Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Master Trustee shall have been filed with the Master Trustee; and

(c) Bonds in lieu of which others have been authenticated under the Master Trust Agreement.

“*Owner*” or “*Bondowner*” means any “Bondholder,” “holder” or “owner” of any Bond, as provided in a Supplemental Master Trust Agreement.

“*Participant*” means the unit of local government that is the obligor under the applicable Agreement with respect to a Loan.

“*Paying Agent*” means the Master Trustee and any commercial bank or trust company at any time designated pursuant to the Master Trust Agreement to serve in addition to the Master Trustee as the paying agencies or places of payment for the Bonds, and successors designated pursuant to the Master Trust Agreement.

“*Pledged Agreement*” or “*Pledged Agreements*” means, individually or collectively, as applicable, the Loan Agreements between the IEPA and each of the Participants which are assigned to the Authority and pledged to the repayment of the Bonds, including without limitation, the related Local Obligations.

“*Program Assets*” means (i) Revenues, (ii) all additional moneys on hand within the Master Trust Agreement which may be available to pay Debt Service on the Bonds, and (iii) all other moneys received by the Authority and designated by the Authority as such in any Officer’s Certificate. The designation by the Authority of any moneys as Program Assets shall specify in which fund, account or subaccount the moneys shall be deposited.

“*Project*” shall have the meaning set forth in the Act.

“*Projected Asset Coverage Ratio*” means, for any future period, the ratio determined by dividing (a) a numerator equal to the projected Program Assets for the current and each future Bond Year, and (b) a denominator equal to the Debt Service for the Indebtedness secured by the Master Trust Agreement and the Additional Indebtedness proposed to be incurred for the current and each future Bond Year.

“*Projected Debt Service Coverage Ratio*” means, for any future period, the ratio determined by dividing (a) a numerator equal to the projected Revenues for the current and each future Bond Year, and (b) a denominator equal to the Debt Service for the Indebtedness secured by the Master Trust Agreement and the Additional Indebtedness proposed to be incurred for the current and each future Bond Year in which Bonds shall be Outstanding.

“*Put Indebtedness*” means Indebtedness which is (a) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (b) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration.

“*Qualified Investments*” means any of the following securities which, at the time of purchase, are legal for the investment of funds of the Authority held under the Master Trust Agreement:

- (a) Government Obligations.
- (b) Obligations issued or guaranteed by any of the following:
 - (i) Federal Home Loan Bank System;
 - (ii) Export-Import Bank of the United States;
 - (iii) Federal Financing Bank;

- (iv) Government National Mortgage Association;
- (v) Farmers Home Administration;
- (vi) Federal Home Loan Mortgage Corporation;
- (vii) Federal Housing Administration;
- (viii) Private Export Funding Corp;
- (ix) Federal National Mortgage Association; and
- (x) Federal Farm Credit Bank;

or any indebtedness issued or guaranteed by any instrumentality or agency of the United States.

(c) Pre-refunded municipal obligations meeting the following conditions:

(i) such obligations are (a) not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their calling and 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 of 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.

(d) Direct and general long-term obligations of any state of the United States of America, to the payment of which the full faith and credit of such state is pledged and that at the time of purchase are rated in either of the two (2) highest rating categories by, or are otherwise acceptable to, the Rating Agencies.

(e) Direct and general short-term obligations of any state, to the payment of which the full faith and credit of such state is pledged and that at the time of purchase are rated in the highest rating category by, or are otherwise acceptable to, the Rating Agencies.

(f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated AAA-m by Standard & Poor's issued by, state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("*FDIC*").

Such deposits or interests must be (i) continuously and fully insured by FDIC, (ii) if they have a maturity of one (1) year or less, with or issued by banks that at the time of purchase are rated in one of the two (2) highest-short term rating categories by, or are otherwise acceptable to, the Rating Agencies, (iii) if they have a maturity longer than one (1) year, with or issued by banks that at the time of purchase are rated in one of the two highest rating categories by, or are otherwise acceptable to, the Rating Agencies, or (iv) fully secured by Government Obligations. Such Government Obligations must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party should have a perfected first lien in the Government Obligations serving as collateral, and such collateral is to be free from all other third party liens.

(g) Repurchase agreements, (i) the maturities of which are thirty (30) days or less or (ii) the maturities of which are longer than thirty (30) days and not longer than one (1) year *provided* the collateral subject to such agreements are marked to market daily, entered into with financial institutions such as banks or trust companies organized under State law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated at the time of purchase investment grade by, or is otherwise acceptable to, the Rating Agencies. The repurchase agreement should be in respect of Government Obligations or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations or obligations described in paragraph (b) exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(A) the third party (who shall not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations;

(B) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

(C) the third party having possession of the securities has a perfected, first priority security interest in the securities.

(h) Prime commercial paper of a corporation, finance company or banking institution at the time of purchase rated in the highest short-term rating category by, or otherwise acceptable to, the Rating Agencies.

(i) Public housing bonds issued by public agencies. Such bonds must be: fully secured by a pledge of annual contributions under a contract with the United States of America; temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or state or public agency or municipality obligations at the time of purchase rated in the highest credit rating category by, or otherwise acceptable to, the Rating Agencies.

(j) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that at the time of purchase has been rated in the highest rating category by, or is otherwise acceptable to, the Rating Agencies.

(k) Money market accounts of any state or federal bank, or bank whose holding parent company is, at the time of purchase rated in one of the top two short-term or long-term rating categories by, or is otherwise acceptable to, the Rating Agencies, including, without limitation any mutual fund for which the Master Trustee or an affiliate of the Master Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Master Trustee or an affiliate of the Master Trustee receives fees from funds for services rendered and (ii) the Master Trustee collects fees for services rendered pursuant to the Master Trust Agreement, which fees are separate from the fees received from such funds.

(l) Investment agreements, the issuer of which is at the time of purchase rated in one of the two highest rating categories, by, or is otherwise acceptable to, the Rating Agencies.

(m) Any debt or fixed income security, the issuer of which is at the time of purchase rated in the highest rating category by, or is otherwise acceptable to, the Rating Agencies.

(n) Investment agreements or guaranteed investment contracts that are fully secured by obligations described in items (a) or (b) of the definition of Qualified Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

(o) Any other type of investment consistent with Authority policy in which an Authorized Officer of the Authority directs the Trustee to invest and there is delivered to the Trustee a certificate of an Authorized Officer of the Authority stating that each of the Rating Agencies has been informed of the proposal to invest in such investment and each Rating Agency has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any of the Bonds.

“Rating Agency” means each of the nationally recognized securities rating services that shall have assigned a rating that is then in effect with respect to a Series of Bonds upon application of the Authority.

“Rebate Fund” means the escrow fund described under the heading “REBATE FUND” below.

“Record Date” means the day which is the 15th day of the month preceding any Interest Payment Date.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Master Trust Agreement and the Supplemental Master Trust Agreement pursuant to which the Bond was issued.

“*Registered Owner*” means the person or persons in whose name or names a Bond shall be registered in the Bond Register.

“*Revenue Fund*” means the trust fund described under the heading “REVENUE FUND” below.

“*Revenues*” means (i) all amounts payable to the Authority pursuant to the Pledged Agreements which may be applied to the payment of principal of, premium, if any, and interest on the Bonds (*i.e.*, not including Loan Support Fees) and (ii) all investment earnings on moneys which may be available to pay Debt Service on the Bonds.

“*Safe Drinking Water Act*” means the federal Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.*, as amended from time to time, or any successor provisions.

“*Securities Depository*” means DTC or any other entity that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such act for the purposes of Section 17A thereof.

“*Series,*” “*Series of Bonds*” or “*Bonds of a Series*” or words of similar meaning means the Series of Bonds authorized by a Supplemental Master Trust Agreement, as applicable, and secured under the Master Trust Agreement.

“*Series Certificate*” means, with respect to any Series of Bonds, the related Officer’s Certificate delivered pursuant to the Master Trust Agreement, as such certificate may be amended from time to time.

“*SIFMA Municipal Index*” means the SIFMA Municipal Swap Index™ announced by Municipal Market Data and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specified criteria established by the Securities Industry and Financial Markets Association. The SIFMA Municipal Swap Index shall be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days’ notice, the interest on which under the Code, is excludable from gross income for federal income tax purposes. The SIFMA Municipal Swap Index shall not include any bonds the interest on which is subject to any personal “alternative minimum tax” or similar tax unless all tax exempt bonds are subject to such tax; *provided, however,* that if such index is no longer produced by Municipal Market Data, Inc. or its successor, then “SIFMA Municipal Index” means such other reasonably comparable index selected by the Authority.

“*Sinking Fund Installment*” means the amount so designated for any particular due date required by or pursuant to a Supplemental Master Trust Agreement to be paid by the Authority on a particular due date toward the retirement of any particular Term Bonds prior to their respective stated maturities.

“*SRF Programs*” means, collectively, the Drinking Water Program and the Clean Water Program.

“*State*” means the State of Illinois.

“*State Match*” means the amount of matching State funds required under the Clean Water Act and the Safe Drinking Water Act, which presently equals not less than twenty percent (20%) of the amount of funds available under the applicable Capitalization Grant Agreement issued to IEPA.

“*State Match CWSRF Portion*” shall mean the State Match Portion of a Series of Bonds issued for the Clean Water Program, described in the applicable Supplemental Master Trust Agreement.

“*State Match DWSRF Portion*” shall mean the State Match Portion of a Series of Bonds issued for the Drinking Water Program, described in the applicable Supplemental Master Trust Agreement.

“*State Match Portion*” means that portion of a Series of Bonds issued to fund the State Match for one or more Capitalization Grant Agreements.

“*Supplemental Master Trust Agreement*” means any supplement to or amendment of the Master Trust Agreement duly executed and delivered in accordance with the provisions of the Master Trust Agreement.

“*Swap Agreement*” means, with respect to any Series of Bonds, an interest rate exchange agreement between the Authority and a Swap Counterparty, as amended or supplemented, or other interest rate hedge agreement between the Authority and a Swap Counterparty, as amended or supplemented, entered into pursuant to the terms of the Master Trust Agreement or an applicable Supplemental Master Trust Agreement, for the purpose of converting, in whole or in part, (i) the Authority’s fixed interest rate liability on all or a portion of any Series of Bonds to a variable rate liability, (ii) the Authority’s variable rate liability on all or a portion of any Series of Bonds to a fixed rate liability, or (iii) the Authority’s variable rate liability on all or a portion of any Series of Bonds to a different variable rate liability.

“*Swap Counterparty*” means any Person with whom the Authority shall from time to time enter into a Swap Agreement, as specified in a Supplemental Master Trust Agreement.

“*Tax Exemption Certificate*” means the certification of the Authority executed at the time of issuance of the Bonds with respect to the Authority’s reasonable expectations as to the use of the proceeds of the Bonds.

“*Term Bonds*” means the Bonds so designated in a Supplemental Master Trust Agreement.

“*Variable Rate Bonds*” means any Bond that bears interest at a variable rate of interest.

“*Water Quality Act*” means the federal Water Quality Act of 1987, 33 U.S.C. Section 1381 *et seq.*, as amended from time to time, or any successor provisions.

PLEDGE OF TRUST ESTATE

In order to secure the payment of the principal and Redemption Price of and interest on any and all Series of Bonds at any time issued by the Authority and secured under the Master Trust Agreement, according to the tenor and effect thereof, and the payment of all other sums, if any, from time to time due to the Owners of all Series of Bonds issued by the Authority and secured under the Master Trust Agreement and for the purpose of securing the performance and observance by the Authority of all the covenants and conditions in the Master Trust Agreement contained, the Authority does by the Master Trust Agreement convey, transfer, assign, confirm, pledge and grant a security interest in the following described properties, rights, interest and benefits (whether tangible or intangible) which are collectively called the “*Master Trust Estate*,” to the Master Trustee, and its successor or successors in trust, as Master Trustee for the benefit of the Owners of all Series of Bonds issued by the Authority and secured under the Master Trust Agreement:

A. All Pledged Agreements (defined in the Master Trust Agreement) which may from time to time be assigned to or held by the Master Trustee under the terms of the Master Trust Agreement (other than Loan Support Fees due under the Pledged Agreements) or the Assignment Agreement;

B. All moneys, securities and earnings thereon in all funds, sub-funds, accounts and sub-accounts established under the Master Trust Agreement or any Supplemental Master Trust Agreement, except for moneys deposited in the Loan Support Fee Subaccount of the Revenue Fund Rebate Fund and moneys deposited with or paid to the Master Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, and except that moneys representing the repayment of principal of the Pledged Agreements or the Grant Proceeds shall not be pledged to or used for the payment of the State Match Portion of any Bonds issued under the Master Trust Agreement; and

C. Any and all other moneys and securities furnished from time to time to the Master Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Master Trustee under the terms of the Master Trust Agreement;

SUBJECT, HOWEVER, to the right of the Authority to withdraw or otherwise cause to be substituted for or released from the Master Trust Estate any Pledged Agreements and other assets pursuant the Master Trust Agreement as described under the heading "DISCHARGE OF LIENS" below.

SUBJECT, FURTHER, HOWEVER, to the qualification that the lien on and pledge of amounts on deposit in any fund or account shall not secure any Bonds for which a Supplemental Master Trust Agreement expressly waives the lien on and pledge of amounts on deposit in such fund or account.

ISSUANCE OF BONDS

In order to provide sufficient moneys for the Authority to conduct the SRF Program and to make the deposits to certain funds and accounts specified in the Master Trust Agreement or in any Supplemental Master Trust Agreement and to refund Bonds and other Additional Indebtedness of the Authority, Bonds of the Authority are authorized to be issued from time to time without limitation as to amount except as provided in the Master Trust Agreement or by law. The Bonds shall be issued subject to the terms, conditions and limitations established in the Master Trust Agreement, and secured by the pledge thereof.

CONDITIONS TO SECURING BONDS UNDER MASTER TRUST AGREEMENT

In order for any Series of Bonds to be secured by the Master Trust Agreement, prior to or simultaneously with the authentication and delivery of the Series of Bonds, the Master Trustee shall receive the following:

(a) an original executed counterpart of an Officer's Certificate:

(i) stating that the Series of Bonds is entitled to the benefits of the Master Trust Agreement; and

(ii) directing the Master Trustee as to the creation of any funds and accounts to be established for the Series of Bonds which are in addition to those established under

the Master Trust Agreement, and stating whether or not any of such funds or accounts are to be held as part of the Master Trust Estate;

(b) an original executed counterpart or a copy, certified by an Authorized Officer, of the Master Trust Agreement;

(c) a copy of the applicable Authorizing Resolution, duly certified by the Secretary of the Authority;

(d) an original executed counterpart of the applicable Supplemental Master Trust Agreement;

(e) an Officer's Certificate, containing a written request and authorization to the Master Trustee on behalf of the Authority, to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Master Trustee of the sum therein specified including accrued interest on the Bonds to the date of delivery, if any, and setting forth instructions as to the delivery and application of the proceeds of the Bonds; and

(f) an Opinion of Bond Counsel to the effect that the Bonds are valid and legally binding limited obligations of the Authority and that the interest on the Bonds is excludable from gross income for federal income tax purposes (unless such bonds are intended to be issued as bonds the interest on which is includable in gross income for federal income tax purposes).

SUPPLEMENTAL MASTER TRUST AGREEMENTS

Each Supplemental Master Trust Agreement authorizing the issuance of a Series of Bonds shall be accompanied by the written report of an Authorized Officer described under the heading "ISSUANCE OF ADDITIONAL INDEBTEDNESS" below and shall include a determination by the Authority to the effect that the principal amount of said Series of Bonds is necessary to provide sufficient funds to reimburse the IEPA for money previously spent or to be used and expended for the SRF Program and shall specify and determine, among other things, the purposes for which such Series of Bonds are being issued, and the terms of such Series of Bonds.

ISSUANCE OF ADDITIONAL INDEBTEDNESS

The Authority may not incur Additional Indebtedness on a parity with the Bonds unless there is first delivered to the Master Trustee a written report of an Authorized Officer stating that either (i) the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.05:1.00 taking into account all Outstanding Bonds and other Outstanding Additional Indebtedness, including the proposed Additional Indebtedness or (ii) the Projected Debt Service Coverage Ratio for each subsequent Bond Year would be higher taking into account all Outstanding Bonds and other Outstanding Additional Indebtedness, including the proposed Additional Indebtedness, than the Projected Debt Service Coverage Ratio for each subsequent Bond Year if no Additional Indebtedness was issued. The Authority may issue Additional Indebtedness that is subordinate to Outstanding Bonds if there is first delivered to the Master Trustee a written report of an Authorized Officer stating the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.00:1.00, including the proposed Additional Indebtedness. The Authority may consider all expected revenues to the Authority from the issuance of the Additional Indebtedness including at the time of issuance any and all moneys held in the funds, accounts and

subaccounts of the Master Trust Agreement, except moneys in the Loan Support Fee Subaccount of the Revenue Fund or the Rebate Fund.

LEVERAGED AND STATE MATCH PORTIONS

The Bonds may be comprised of a State Match CWSRF Portion, a State Match DWSRF Portion, a Leveraged CWSRF Portion and a Leveraged DWSRF Portion, all as specified in the applicable Supplemental Master Trust Agreement, and subject to adjustment as set forth in an Officer's Certificate. The State Match CWSRF Portion represents that portion of the Bonds issued to provide the State Match for the Clean Water Program. The State Match DWSRF Portion represents that portion of the Bonds issued to provide the State Match for the Drinking Water Program. The Leveraged CWSRF Portion represents that portion of the Bonds issued to provide the Leveraged Portion for the Clean Water Program. The Leveraged DWSRF Portion represents that portion of the Bonds issued to provide the Leveraged Portion for the Drinking Water Program.

The establishment of the funds and accounts as set forth in the Master Trust Agreement, and the deposit and disbursement of moneys held thereunder are intended to ensure that the principal repayments of Loans made under the Clean Water Program and the Drinking Water Program shall be used only to pay amounts due on the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds, respectively. Interest payments on Loans and investment earnings shall be used first to pay amounts due on the State Match CWSRF Portion and State Match DWSRF Portion of the Bonds, and then to pay any remaining amounts due on the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds, respectively.

ESTABLISHMENT OF FUNDS AND ACCOUNTS

(a) The Authority created and established the following funds, accounts and subaccounts, to be held in trust by the Master Trustee:

(i) Loan Origination Fund, consisting of a CWSRF State Match Loan Account, a CWSRF Leveraged Loan Account, a DWSRF Leveraged Loan Account and a DWSRF State Match Loan Account;

(ii) Costs of Issuance Fund, consisting of a CWSRF Account and a DWSRF Account;

(iii) Revenue Fund, consisting of a CWSRF Revenue Account and a DWSRF Revenue Account and within each such account a Principal Subaccount, an Interest Subaccount, a Loan Support Fee Subaccount and a Redemption Subaccount;

(iv) Bond Fund, consisting of a CWSRF Account and a DWSRF Account and within each such account a State Match Portion Subaccount and a Leveraged Portion Subaccount;

(v) Equity Fund, consisting of a CWSRF Account and a DWSRF Account and within each such account a principal Subaccount, an Interest Subaccount and a Reserve Subaccount; and

(vi) Rebate Fund, consisting of a CWSRF Account and a DWSRF Account.

(b) Pursuant to Section 801-50 of the Act, the Master Trust Estate and the other moneys and securities pledged pursuant to the Master Trust Agreement shall immediately be subject to the lien and

pledge of the Master Trust Agreement without any physical delivery or further act, and the lien and pledge of the Master Trust Agreement shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice of the Master Trust Agreement.

Nothing in the Master Trust Agreement shall preclude the Authority from pledging certain reserve funds established under a Supplemental Master Trust Agreement for the benefit of only one or more specified Series of Bonds.

LOAN ORIGATION FUND

(a) The Master Trustee shall deposit in the applicable accounts and subaccounts of the Loan Origination Fund, such amounts as shall be stated in each Supplemental Master Trust Agreement, and subject to final allocation as set forth in an Officer's Certificate. Moneys in the Loan Origination Fund shall be disbursed by the Master Trustee for Loans made pursuant to Agreements to finance Projects being undertaken by Participants and to reimburse the IEPA for Loans pursuant to existing Agreements entered into with Participants and funded from other moneys and assets of the SRF Program upon receipt of Officer's Certificate signed by the Authority requesting such disbursement and setting forth and depositing the Pledged Agreements related to such Loans.

(b) Moneys in the Loan Origination Fund shall be invested in accordance with the Master Trust Agreement.

(c) Any moneys remaining in an account of the Loan Origination Fund for a particular Series of Bonds shall be transferred to redeem Bonds of the same Series as required by, and in the manner set forth in, the extraordinary mandatory redemption provisions contained in any related Supplemental Master Trust Agreement.

COSTS OF ISSUANCE FUND

The Master Trustee shall deposit in the applicable Series account of the Costs of Issuance Fund such amounts as shall be stated in a corresponding Supplemental Master Trust Agreement or in an Officer's Certificate signed by the Authority. Monies in the applicable Series account of the Costs of Issuance Fund shall be expended and disbursed by the Master Trustee solely for the payment of the Costs of Issuance in accordance with the instructions set forth in the corresponding Officer's Certificate. Any balance remaining in the Costs of Issuance Fund on the 180th day following the issuance of the applicable Series of Bonds (or, if sooner, after the payment of all Costs of Issuance relating to the Bonds) shall be transferred to the Bond Fund or to another fund or account in each case as may be specified in an Officer's Certificate or in a Supplemental Master Trust Agreement. Unless otherwise provided by the applicable Supplemental Master Trust Agreement, investment earnings on all moneys held in the Costs of Issuance Fund shall be deposited on the first Business Day of each month into the applicable Interest Subaccount of the Revenue Fund.

REVENUE FUND

The Revenue Fund shall be used to collect Revenues paid to the Authority under the Pledged Agreements plus investment income from the investment of moneys within certain funds and accounts created under the Master Trust Agreement. The Revenue Fund shall consist of a CWSRF Revenue Account and a DWSRF Revenue Account, each of which shall have the following subaccounts:

- (a) Principal Subaccount;
- (b) Interest Subaccount;
- (c) Redemption Subaccount; and
- (d) Loan Support Fee Subaccount.

That portion of each payment under the Pledged Agreements which represents the scheduled repayment of principal shall be deposited into the applicable Principal Subaccount upon receipt in accordance with the invoice attached to each such payment. That portion of each payment under the Pledged Agreements which represents interest on the Loan shall be deposited into the applicable Interest Subaccount upon receipt. That portion of each payment under the Pledged Agreements identified on the accompanying invoice as Loan Support Fees on the Loan shall be deposited as received in the Loan Support Fee Subaccount and shall not be subject to the lien of the Master Trust Agreement. As set forth in the Master Trust Agreement, all investment income earned on various funds and accounts created under the Master Trust Agreement (except for the Rebate Fund and the Loan Support Fee Subaccount and unless otherwise directed by a Supplemental Master Trust Agreement), shall be transferred into or credited to the applicable Interest Subaccount upon receipt.

All principal amounts received from Participants pursuant to an optional prepayment of all or a portion of their Pledged Agreements, other than any initial payments deemed received by the Authority in connection with Loan sizing at the conclusion of construction of each Project, shall be deposited in the applicable Redemption Subaccount upon receipt.

At the times set forth as described under the heading “BOND FUND” below, the Master Trustee shall transfer the required amounts from the applicable Principal Subaccounts and Interest Subaccounts of the Revenue Fund to the appropriate accounts of the Bond Fund. On the first Business Day of each month, if the aggregate amount on deposit in the Principal Subaccount and the Interest Subaccount of each of the CWSRF Revenue Account and the DWSRF Revenue Account is at least equal to the Debt Service Requirement, then the Master Trustee shall transfer any amounts on deposit in such subaccounts in excess of the Debt Service Requirement to the appropriate subaccounts of the Equity Fund.

On the first Business Day of each month, the Master Trustee shall: (i) transfer all amounts held in the Loan Support Fee Subaccounts to the IEPA and (ii) transfer all amounts held in the Redemption Subaccounts to the applicable principal subaccount of the Equity Fund.

BOND FUND

(a) There shall be deposited into the applicable State Match Portion Subaccount of the Bond Fund all accrued interest received, if any, at the time of the issuance and delivery of the Bonds. In addition, there shall be deposited into the applicable State Match Portion Subaccounts of the Bond Fund (i) first from the moneys on deposit in the applicable Interest Subaccounts of the Revenue Fund, and (ii) second from moneys on deposit in the applicable Interest Subaccounts of the Equity Fund, on each Interest Payment Date, an amount which when aggregated shall be sufficient to pay the principal of the State Match Portions of the Bonds due on such Interest Payment Date, including the sinking fund installments due on such date, plus the interest due on such Interest Payment Date on the State Match Portions of the Bonds Outstanding.

(b) There shall be deposited into the applicable Leveraged Portion Subaccounts of the Bond Fund all accrued interest received, if any, at the time of the issuance and delivery of the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds. In addition, there shall be deposited into the Leveraged Portion Subaccount of the Bond Fund, on each Interest Payment Date, an amount which when aggregated shall be sufficient to pay the principal of the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds due on such Interest Payment Date, including the sinking fund installments due on such date, plus the interest due on such Interest Payment Date on the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds Outstanding, from the following sources and in the following order of priority: (i) moneys on deposit in the applicable Principal Subaccounts of the Revenue Fund, (ii) moneys on deposit in the applicable Interest Subaccounts of the Revenue Fund (it being the intent that the Leveraged Portion Subaccount of the Bond Fund receive these moneys only after the State Match Portion Subaccounts of the Bond Fund have received sufficient funds to meet their debt service payment requirements), and (iii) moneys on deposit in the Equity Fund.

(c) If on any Interest Payment Date there shall be a deficiency in any account or subaccount of the Bond Fund remaining after the foregoing transfers from the Revenue Fund have been made, with the result that the full amount of principal of and interest on the Bonds due on said Interest Payment Date cannot be so paid in full from the Bond Fund, the Master Trustee shall promptly transfer from the applicable account of the Equity Fund to the Bond Fund the amount necessary to make the debt service payment on said Interest Payment Date.

(d) The transfers described under this heading ensure that no moneys representing the repayment of principal of any Loans or Grant Proceeds shall be used for the payment of the State Match Portions of the Bonds. The Authority covenants and agrees that, should there be a default under the Pledged Agreements, the Authority shall fully cooperate with the Master Trustee and with the Bondholders to fully protect the rights and security of the Bondholders and shall diligently proceed in good faith and use its best efforts so that at all times sufficient amounts will be available to promptly meet and pay the principal of and interest on the Bonds as the same become due and payable. Nothing in the Master Trust Agreement shall be construed as requiring the Authority to use any funds or Revenues from any source other than amounts pledged under the Master Trust Agreement.

(e) Investment earnings on all moneys held in the Bond Fund shall be deposited on the first Business Day of each month to the applicable Interest Subaccount of the Revenue Fund.

EQUITY FUND

The Master Trustee shall deposit in the Equity Fund such amounts as shall be stated in a Supplemental Master Trust Agreement or an Officer's Certificate signed by the Authority.

(a) Subject to the uses described under this heading, funds, securities and other investments, loans, Pledged Agreements and other property held from time to time in the Equity Fund are available for, and pledged to, the payment of the debt service on the Bonds when due and the payment of any other amounts required to be paid from time to time from the funds and accounts established pursuant to the Master Trust Agreement or any Supplemental Master Trust Agreement. Funds on deposit in the Equity Fund shall be used to make up any deficiencies in the Bond Fund, or Rebate Fund and shall be transferred to the Bond Fund if required on any Interest Payment Date or other payment date prior to any transfer otherwise required in the Master Trust Agreement. Unless otherwise required in a Supplemental Master Trust Agreement or a resolution of the Authority, the Authority shall not be required to maintain any minimum balance in the Equity Fund

and the Authority makes no covenant to Bondholders or any other party that funds or other assets will be available in the Equity Fund in the event of a deficiency in the Bond Fund on any payment date. Available funds on deposit in the Equity Fund not used to make up such deficiencies may be used to make Loans and to reimburse the IEPA for Loans pursuant to Agreements funded from moneys and assets of the SRF Program, *provided* that the related Agreements will become Pledged Agreements.

(b) Pursuant to the applicable Supplemental Master Trust Agreement or upon receipt of an Officer's Certificate, the Master Trustee shall deposit in the applicable account or subaccount of the Equity Fund any funds, securities or other investments, loans or other property provided by the Authority and not otherwise pledged under the Master Trust Agreement. The Master Trustee may deposit Grant Proceeds identified as such by the Authority in the applicable account or subaccount of the Equity Fund, as directed by the Authority from time to time. In addition, the Equity Fund shall hold surplus funds transferred to the Equity Fund pursuant to the Master Trust Agreement.

(c) In addition to the uses described in paragraph (a), amounts on deposit in the Equity Fund may be withdrawn from the Equity Fund and used to pay (i) fees and expenses of the Master Trustee, (ii) expenses related to the Master Trust Agreement, including, without limitation, the fees and expenses of the Authority's investment managers and advisors relating to investment of the funds held under the Master Trust Agreement and (iii) the annual management fee of the Authority set forth in Section II of the Memorandum of Agreement. Additionally, *provided* that there is first delivered to the Master Trustee a written report of an Authorized Officer stating that the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00, taking into account the proposed transfer from the Equity Fund, funds in the Equity Fund may be withdrawn from the Equity Fund and used to make grants, and deposits, provide other subsidies and assistance in connection with the SRF Program or used for any lawful purpose by the IEPA upon such terms as the Authority may determine in accordance with the Memorandum of Agreement.

(d) Any moneys held in the Equity Fund may be invested or reinvested in Qualified Investments as may be authorized by law and as may be directed by an Authorized Officer in accordance with the provisions of the Master Trust Agreement. Any interest or income earned with respect to any said securities, loans or other property shall likewise be retained in the Equity Fund.

REBATE FUND

The Master Trustee shall deposit into the applicable Series subaccount of the Rebate Fund the amounts required by an Officer's Certificate from the applicable Interest Subaccounts of the Revenue Fund. Amounts on deposit in the Rebate Fund may be used solely to make payments to the United States of America under Section 148 of the Code and to pay or reimburse allowable costs related to the calculation of the amounts due, or if amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Master Trustee shall transfer such excess amounts to the applicable Interest Subaccounts of the Revenue Fund as directed in an Officer's Certificate. The Rebate Fund and all amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Bondholders or any other person and shall not constitute part of the Master Trust Estate.

STATE REVOLVING FUNDS

(a) The following funds and accounts are a part of the “state revolving fund” within the meaning of the Water Quality Act:

- (i) the CWSRF Account of the Bond Fund;
- (ii) the CWSRF Leveraged Loan Account and the CWSRF State Match Loan Account of the Loan Origination Fund;
- (iii) the CWSRF Revenue Account of the Revenue Fund; and
- (iv) the Clean Water Account of the Equity Fund maintained by the Master Trustee.

All funds, accounts and subaccounts created in the Master Trust Agreement which are a part of the “state revolving fund” for purposes of the Water Quality Act are intended to be used and expended in a manner consistent with the IEPA Act, the Water Quality Act and all lawfully promulgated regulations thereunder.

(b) The following funds and accounts are a part of the “state revolving fund” within the meaning of the Safe Drinking Water Act:

- (i) the DWSRF Account of the Bond Fund;
- (ii) the DWSRF Leveraged Loan Account and the DWSRF State Match Loan Account of the Loan Origination Fund;
- (iii) the DWSRF Revenue Account of the Revenue Fund; and
- (iv) the Drinking Water Account of the Equity Fund maintained by the Master Trustee.

All funds, accounts and subaccounts created in the Master Trust Agreement which are a part of the “state revolving fund” for purposes of the Safe Drinking Water Act are intended to be used and expended in a manner consistent with the Water Quality Act, the Safe Drinking Water Act and all lawfully promulgated regulations thereunder.

CROSS-COLLATERALIZATION OF THE DRINKING WATER ACCOUNTS AND CLEAN WATER ACCOUNTS; PAYMENT OF DEBT SERVICE

The Authority may deliver at any time to the Master Trustee an Officer’s Certificate pursuant to which the Authority can direct the transfer of funds or the allocation of liabilities within a Drinking Water Account to a Clean Water Account of any Fund, or funds or the allocation of liabilities within a Clean Water Account to a Drinking Water Account of any Fund. The only limitation on the transfer of funds from Drinking Water Accounts to Clean Water Accounts or Clean Water Accounts to Drinking Water Accounts shall be as set forth by the Act, the Water Quality Act and the Safe Drinking Water Act. In addition, any moneys, funds, revenues or other assets in any funds, accounts or subaccounts created in the Master Trust Agreement may be used to pay debt service with respect to any Bonds outstanding pursuant to the Master Trust Agreement (except as limited thereby) as permitted by the Act, the Water Quality Act and the Safe Drinking Water Act.

SOURCE OF PAYMENT OF BONDS

The Bonds and all debt service payments by the Authority under the Master Trust Agreement are not general obligations of the Authority but are limited obligations payable solely from Revenues and other amounts pledged thereunder. As authorized by the Act and as further provided in the Master Trust Agreement, the Bonds are secured by said Revenues, except that, as described under the heading “LEVERAGED AND STATE MATCH PORTIONS” above, the State Match Portions of the Bonds will not be paid from moneys derived from the repayment of Principal of any Loan or Grant Proceeds. The Bonds shall never constitute an indebtedness of the Authority within the meaning of any constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit.

PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST

The Authority covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under the Master Trust Agreement at the place, on the dates and in the manner provided in the Master Trust Agreement and in said Bonds according to the true intent and meaning thereof, but solely from amounts pledged therefor as described under the heading “PLEDGE OF TRUST ESTATE” above, other than the Loan Support Fee Subaccount of the Revenue Fund and the Rebate Fund, and nothing in the Bonds or in the Master Trust Agreement shall be construed as pledging any other funds or assets of the Authority. Neither the State nor the Authority nor any political subdivision of the State shall in any event be liable for the payment of the principal of, premium, if any, or interest in any of the Bonds except to the extent of the pledge contained in the Master Trust Agreement. The Authority covenants that it will defend its right to the payment of amounts due under the Pledged Agreements, for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever.

RECORDING AND FILING

The Authority covenants that it will cause the Master Trust Agreement, and all supplements thereto, and the Pledged Agreements and all supplements thereto, as well as such other security agreements, financing statements and all supplements thereto and other instruments as may be required from time to time to be kept, to be filed in such manner and in such places as may from time to time be required by law, including without limitation Section 801-50 of the Act, in order to preserve and protect fully the security of the holders and owners of the Bonds and the rights of the Master Trustee under the Master Trust Agreement, and to take or cause to be taken any and all other action necessary to perfect the security interest created by the Master Trust Agreement.

INSPECTION OF BOOKS

All books and records in the Authority’s, the IEPA’s or the Master Trustee’s possession relating to the Master Trust Agreement and the Loan repayments and other amounts derived pursuant to the Pledged Agreements shall at all reasonable times be open to inspection by such employed accountants, auditors, arbitrage consultants, or other agents as the Master Trustee or the Authority may from time to time designate.

LIST OF BONDHOLDERS

The Paying Agent will keep on file a list of names and addresses of all holders of Bonds, together with the principal amount, series, maturity date and CUSIP numbers of such Bonds. At reasonable times

and under reasonable regulations and in accordance with applicable laws, said list may be inspected and copied by the Authority or by holders or owners (or a designated representative thereof) of twenty-five percent (25%) or more in principal amount of Bonds then outstanding, such possession or ownership and the authority of such designated representative to be evidenced to the satisfaction of the Master Trustee.

RIGHTS UNDER PLEDGED AGREEMENTS

The Pledged Agreements, duly executed counterparts of which shall be filed with the IEPA in accordance with the Memorandum of Agreement, set forth the covenants and obligations of the IEPA and each of the Participants, including provisions that subsequent to the issuance of Bonds and prior to payment of the Bonds in full or provision for payment thereof in accordance with the provisions of the Master Trust Agreement, the Pledged Agreements may not be effectively amended, changed, modified, altered or terminated without the written consent of the Authority, and the Authority agrees that the Master Trustee in its name or in the name of the Authority, without further consent of the Authority but with notice to the Authority, may enforce all rights of the Authority and all obligations of each of the Participants under and pursuant to the Pledged Agreements for and on behalf of the Bondholders, whether or not the Authority is in default under the Master Trust Agreement. The Authority shall provide its written consent to the Master Trustee as required in the foregoing sentence only if an Officer's Certificate is delivered to the Master Trustee stating that, taking into account the contemplated amendments, changes, modifications, alterations or terminations of the Pledged Agreements for which the Authority's consent is required: (i) the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00 and (ii) the resulting Revenues available for the payment of the principal of and interest on the Bonds are reasonably expected to be sufficient to pay the State Match CWSRF Portion, State Match DWSRF Portion, Leveraged CWSRF Portion and Leveraged DWSRF Portion of the principal of and interest due on the Bonds on each Interest Payment Date and at maturity thereof.

TAX COVENANTS OF THE AUTHORITY

(a) To the extent applicable for each Series of Bonds, the Authority shall not use or permit the use of any proceeds of the Bonds or any other funds of the Authority pledged under the Master Trust Agreement, directly or indirectly, to acquire any "higher yielding investments" when a "temporary period" is not applicable, as such terms are defined in Section 148 of the Code. To the extent applicable for each Series of Bonds, the Authority shall not use, or permit the use of, any amounts held under the Master Trust Agreement in any manner, and shall not take or permit to be taken any other action or actions, which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision, or which would otherwise cause interest on the Bonds to become includable as gross income of the owners thereof for purpose of federal income taxation.

(b) To the extent applicable for each Series of Bonds, the Authority covenants and agrees that it will take all necessary and appropriate actions reasonably within its control, including (i) rebating any excess investment earnings to the United States and (ii) taking all necessary steps to satisfy any exceptions to arbitrage rebate requirements contained in the Code under Section 148(f)(4)(B)(i) and (C), as hereafter may be required to assure the continuing exclusion of interest on the Bonds from the gross income of the owners thereof for the purposes of federal income taxation. To the extent applicable for each Series of Bonds, the Authority further covenants and agrees not to act in any other manner which would adversely affect the exemption of interest on any Bonds from gross income for purposes of federal income taxation.

PLEDGED AGREEMENTS

The Authority may at any time release specified Pledged Agreements from the lien of the Master Trust Agreement, or substitute and add new Pledged Agreements to the lien of the Master Trust Agreement, in each case by preparing and filing with the Master Trustee and each Rating Agency then maintaining a rating on the Bonds, an Officer's Certificate (i) describing the specific Pledged Agreements to be released or, if applicable, substituted therefore or added thereto, and the extent to which the Officer's Certificate described under the heading "CONDITIONS TO SECURING BONDS UNDER MASTER TRUST AGREEMENT" above should be deemed modified as a result of such release, substitution or addition; (ii) stating, on the basis of such supporting schedules as shall be attached, that after the release of any such Pledged Agreements from the lien of the Master Trust Agreement, and taking into account the principal and interest payment which the Authority reasonably expects will be received under the Pledged Agreements, if any, which are to be substituted therefore or added thereto upon the release and the other Revenues available for the payment of the principal of and interest on the Bonds, the resulting Revenues are reasonably expected to be sufficient to pay the State Match CWSRF Portion, State Match DWSRF Portion, Leveraged CWSRF Portion and Leveraged DWSRF Portion of the principal of and interest due on the Bonds on each Interest Payment Date and at maturity thereof; and (iii) stating that the Projected Asset Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00, taking into account the proposed release or substitution, as applicable.

INVESTMENT OF MONEYS

Any moneys held as part of the funds or accounts created or authorized under the Master Trust Agreement shall be invested and reinvested by the Master Trustee, at the written direction of the Authority, in Qualified Investments.

DISCHARGE OF LIENS

If the Authority shall pay or cause to be paid, or there shall be otherwise paid or provisions for payment made to or for the holders and owners of the Bonds, the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if the Authority shall not then be in default in any of the other covenants and promises in the Bonds and in the Master Trust Agreement expressed as to be kept, performed and observed by it or on its part, and shall pay or cause to be paid to the Master Trustee and any Paying Agents all sums of money due or to become due according to the provisions of the Master Trust Agreement, then the presents of the Master Trust Agreement and the Trust Estate and rights granted by the Master Trust Agreement shall cease, determine and be void with respect to the Bonds, whereupon the Master Trustee shall cancel and discharge the lien of the Master Trust Agreement with respect to the Bonds and release, assign and deliver unto the Authority any and all instruments as shall be requisite to cancel and discharge the lien of the Master Trust Agreement with respect to the Bonds and release, assign and deliver any and all of the Trust Estate, right, title and interest in and to any and all rights assigned to the Master Trustee or otherwise subject to the lien of the Master Trust Agreement with respect to the Bonds except moneys or securities otherwise held by the Master Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

Any Bond or Series of Bonds shall be deemed to be paid for all purposes of the Master Trust Agreement when (a) payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Master Trust Agreement, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Master Trustee in trust, and the Master Trustee shall have irrevocably set aside

exclusively for such payment, (1) moneys and/or (2) Governmental Obligations maturing as to principal and interest in such amount and at such times as collectively will insure that moneys are available in an amount sufficient to make such payment; and (b) all necessary and proper fees, compensation and expenses of the Master Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Master Trustee. In determining the sufficiency of the moneys and/or Government Obligations deposited pursuant to clause (a)(ii) of this paragraph, the Master Trustee shall be entitled to receive, at the expense of the Authority, and may rely on a verification report of a firm of nationally recognized independent certified public accountants. At such time as a Bond shall be deemed to be paid under the Master Trust Agreement, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Master Trust Agreement, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with the Master Trust Agreement, or in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, until the Authority shall have given the Master Trustee, in form satisfactory to the Master Trustee, irrevocable instructions to notify, as soon as practicable, the owners of the Bonds in accordance with the Master Trust Agreement, that the deposit required by (a)(ii) above has been made with the Master Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds; or (b) the maturity of such Bonds.

Any moneys so deposited with the Master Trustee may at the direction of the Authority be invested and reinvested in Governmental Obligations, maturing in the amounts and times as set forth above. All income from all Governmental Obligations in the hands of the Master Trustee as described under this heading, in the opinion of the Authority set forth in an Officer's Certificate, is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

DEFAULTS; EVENTS OF DEFAULT

If any one or more of the following events occur, subject to the provisions summarized below under the heading "OTHER REMEDIES; RIGHTS OF BONDHOLDERS" below, it shall constitute an "Event of Default":

- (a) Default in the due and punctual payment of interest of any Bond.
- (b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity or redemption date thereon.
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority in the Master Trust Agreement and failure to remedy the same after notice thereto as described under the heading "NOTICE OF DEFAULTS; OPPORTUNITY OF THE AUTHORITY TO CURE SUCH DEFAULTS" below. The term "Default" means default by the Authority in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Master Trust Agreement exclusive of any period of grace required to constitute a Default or an "Event of Default" as provided above.

If an Event of Default shall occur, the Master Trustee shall, within five (5) Business Days after knowledge of such Event of Default, give written notice, by registered or certified mail, of such Event of Default to the Authority and each known Bondholder.

OTHER REMEDIES; RIGHTS OF BONDHOLDERS

Upon the occurrence of an Event of Default, the Master Trustee may proceed to pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding; *provided, however*, that with respect to Bonds, there is no remedy of acceleration under the Master Trust Agreement.

If an Event of Default shall have occurred, and if requested to do so by the holders of twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding and if indemnified as provided in the Master Trust Agreement, the Master Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Master Trust Agreement, as the Master Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the Master Trust Agreement conferred upon or reserved to the Master Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Master Trustee or to the Bondholders now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein; and such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Default or Event of Default, whether by the Master Trustee or by the Bondholders, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

RIGHTS OF BONDHOLDERS TO DIRECT PROCEEDINGS

Anything in the Master Trust Agreement to the contrary notwithstanding, the holders of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Master Trust Agreement, or for the appointment of a receiver or any other proceedings under the Master Trust Agreement; *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of the Master Trust Agreement.

APPOINTMENT OF RECEIVERS

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and of the Bondholders under the Master Trust Agreement, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the payments, including any earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

APPLICATION OF MONEYS

All moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of the Master Trust Agreement providing for remedies upon the occurrence of an Event of Default (other than moneys in the Costs of Issuance Fund, the Loan Support Fee Subaccount of the Revenue Fund and the Rebate Fund) shall, after payment of the reasonable fees, costs, expenses, advances and liabilities incurred, including those incurred, made or assumed by the Master Trustee, in connection with the proceedings resulting in the collection of such moneys, be deposited in the appropriate accounts of the Bond Fund, taking into account the proportions to which the State Match Portions of the Bonds and the Leveraged Portions of the Bonds, respectively, bear to the total Outstanding Bonds, and be applied as follows, *provided* that no moneys derived from funds known to the Master Trustee, by identification or otherwise, to be Grant Proceeds or the repayment of the principal of any Loan shall be, used for the payment of any State Match Portion of the Bonds. All moneys so deposited in the Bond Fund shall be applied as follows:

(a) Unless the principal of all Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST – To the payment to the persons entitled thereto of all installments of interest due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the respective Bonds to the extent permitted by law, 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 privilege; and

SECOND – To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held by the Master Trustee pursuant to the provisions of the Master Trust Agreement), in the order of their due dates, with interest on such principal from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full such principal due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD – To the Authority to the extent of any amounts owed to it under the Pledged Agreements, which amounts shall be set forth in an Officer's Certificate; and

FOURTH – The balance to the Authority for deposit to the Equity Fund held by the Master Trustee.

(b) If the principal of all the Bonds shall become due, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due in the aggregate for principal and interest, to the persons entitled thereto without any discrimination or privilege, plus interest on overdue installments of interest or principal at the highest rate of interest borne by the Bonds.

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

(d) Whenever the principal of, premium, if any, and interest on all Bonds have been paid under the provisions summarized under this heading and all expenses and, charges of the Master Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Authority for deposit in the Equity Fund held by the Authority and related to the SRF Programs.

REMEDIES VESTED IN TRUSTEE

All rights of action (including the right to file proof of claims) under the Master Trust Agreement or under any of the Bonds may be enforced by the Master Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Master Trustee shall be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Outstanding Bonds (except with respect to the distinctions between the Leveraged CWSRF Portion, Leveraged DWSRF Portion, State Match CWSRF Portion and State Match DWSRF Portion of the Bonds).

RIGHTS AND REMEDIES OF BONDHOLDERS

No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Master Trust Agreement or for the execution of any trust of the Master Trust Agreement or for the appointment of a receiver or any other remedy under the Master Trust Agreement, unless a Default has occurred of which the Master Trustee has been notified as described under the heading "NOTICE OF DEFAULTS; OPPORTUNITY OF THE AUTHORITY TO CURE SUCH DEFAULTS" below, or the Master Trustee is deemed to have notice, nor unless also such Default shall have become an Event of Default and the holders of twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding shall have made written request to the Master Trustee and shall have offered the Master Trustee reasonable opportunity either to proceed to exercise the powers granted in the Master Trust Agreement or to institute such action, suit or proceeding in the Master Trustee's own name or names, nor unless also they have offered to the Master Trustee indemnity in the Master Trust Agreement, nor unless the Master Trustee shall thereafter fail or refuse to exercise the powers granted in the Master Trust Agreement, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared by the Master Trust Agreement in every case at the option of the Master Trustee to be conditions precedent to the execution of the powers and trusts of the Master Trust Agreement, and to any action or cause of action for the enforcement of the Master Trust Agreement, or for the appointment of a receiver or for any other remedy under the Master Trust Agreement; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Master Trust Agreement by its, his, her or their action or to enforce any right except in the

manner provided in the Master Trust Agreement, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Master Trust Agreement provided and for the equal and ratable benefit of the holders of all Bonds then Outstanding. However, nothing contained in the Master Trust Agreement shall affect or impair the right of any Bondholder to enforce the payment of the principal, premium, if any, and interest on any Bond at and after the maturity thereof.

TERMINATION OF PROCEEDINGS

In case the Master Trustee shall have proceeded to enforce any right under the Master Trust Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, Master Trustee and the Bondholders shall be restored to their former positions and rights, respectively, with regard to the property subject to the Master Trust Agreement, and all rights, remedies and powers of the Master Trustee shall continue as if no such proceedings had been taken.

WAIVERS OF EVENTS OF DEFAULT

The Master Trustee may, at its discretion, waive any other Event of Default under the Master Trust Agreement and its consequences, and shall do so upon the written request of the holders of (a) 100% in aggregate principal amount of all the Bonds then outstanding in respect to which default in the payment of principal or interest, or both, exists, or (b) at least a majority in principal amount of all Bonds then outstanding in the case of any other default; *provided, however*, that there shall not be waived (i) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any Bonds, unless prior to such waiver or rescission, all arrears of interest and principal, as the case may be, and all expenses of the Master Trustee, in connection with such Default shall have been paid or provided for, and in cases of any such waiver or rescission, or in the case any proceeding taken by the Master Trustee on account of any such Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Master Trustee and the Bondholders shall be restored to their former positions and rights, respectively, but no such waiver or rescission shall extend to any subsequent other default, or impair any right consequent thereon.

NOTICE OF DEFAULTS; OPPORTUNITY OF THE AUTHORITY TO CURE SUCH DEFAULTS

No Default under the Master Trust Agreement shall constitute an Event of Default until actual notice of such Default by registered or certified mail shall be given to the Authority by the Master Trustee or by the holders of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds outstanding, and, in the case of defaults under paragraph (c) of the heading “DEFAULTS; EVENTS OF DEFAULT” above, the Authority shall have had sixty (60) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; *provided, however*, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected.

With regard to any default concerning which notice is given to the Authority in accordance with the above summarized provisions, the Authority grants in the Master Trust Agreement to the Master Trustee full authority for account of the Authority to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Authority with full power to do any and all things and acts

to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

NOTICE TO BONDHOLDERS IF DEFAULT OCCURS

If a Default occurs of which the Master Trustee is required to take notice or if notice of Default be given to the Master Trustee as therein provided, then the Master Trustee shall give written notice thereof within thirty (30) days by first class mail to the Registered Owner of each Bond shown by the Bond Register.

INTERVENTION BY THE MASTER TRUSTEE

In any judicial proceedings to which the Authority is a party and, which in the opinion of the Master Trustee and its counsel, has a substantial bearing on the interests of owners of the Bonds, the Master Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five percent (25%) of the aggregate principal amount of Bonds then outstanding and, if requested by the Master Trustee provided with an indemnity bond satisfactory to the Master Trustee.

SUCCESSOR MASTER TRUSTEE

Any corporation or association into which the Master Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Master Trustee under the Master Trust Agreement and fully vested with all of the title to the Master Trust Estate and all the trusts, estates, properties, rights, powers, discretions, immunities, privileges, duties and obligations of its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything in the Master Trust Agreement to the contrary notwithstanding.

RESIGNATION/REMOVAL OF MASTER TRUSTEE

The Master Trustee and any successor Master Trustee may at any time resign from the trusts created by the Master Trust Agreement by giving sixty (60) days' written notice by first class mail to the Authority and the owner of each Bond as shown by the Bond Register, and such resignation shall take effect at the end of such sixty (60) days (*provided* a successor Master Trustee has been appointed, approved and has accepted such appointment) or upon the earlier appointment of a successor Master Trustee by the Bondholders or by the Authority.

The Master Trustee may be removed at the option of the Authority (*provided* no Event of Default has occurred and is continuing) or by the holders and owners of a majority in aggregate principal amount of the Bonds then Outstanding, in each case by an instrument or concurrent instruments in writing delivered to the Master Trustee, and, in the event of a removal by the Bondholders, to the Authority.

APPOINTMENT OF SUCCESSOR TRUSTEE BY THE AUTHORITY OR THE BONDHOLDERS

In case the Master Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Authority (in the case of removal by the Authority) or by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed

by such Owners, or by their attorneys in fact duly authorized, a copy of which shall be delivered personally or sent by registered mail to Authority; *provided, however*, that in case of any such vacancy, the Authority by an Officer's Certificate executed by its Chairperson and attested by its Executive Director or Secretary under its seal, may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Bondholders in the manner above provided; and such temporary trustee so appointed by the Authority shall immediately and without further act be superseded by the Master Trustee appointed by the Bondholders. Every such Master Trustee appointed pursuant to the provisions summarized under this heading shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000 if there be such an institution willing, qualified and able to accept the trust upon customary terms. If no successor Master Trustee shall have been so appointed and accepted appointment within sixty (60) days of such resignation, removal, incapability or the occurrence of a vacancy in the office of Master Trustee in the manner in the Master Trust Agreement provided, the Master Trustee or any Bondholder may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided.

SUPPLEMENTAL MASTER TRUST AGREEMENTS NOT REQUIRING CONSENT OF BONDHOLDERS

The Authority and the Master Trustee may, without consent of, or notice to any of the Bondholders, enter into supplements or amendments to the Master Trust Agreement which shall not be inconsistent with the terms and provisions of the Master Trust Agreement for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Master Trust Agreement.
- (b) To grant to or confer upon the Master Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Master Trustee.
- (c) To evidence the appointment of a Co-Trustee or the succession of a new Master Trustee.
- (d) To subject to the lien of the Master Trust Agreement additional revenues, properties or collateral or to confirm, as further assurance, any pledge of or lien upon the Master Trust Estate or any other moneys, securities or funds.
- (e) To preserve the exclusion from federal gross income of the interest on the Bonds.
- (f) To modify any of the provisions set forth in the Master Trust Agreement to conform to current practices or procedures of DTC or other applicable Securities Depository regarding the Book-Entry system for the Bonds.
- (g) To make any other change, which in the judgment of the Master Trustee, does not materially adversely affect the interests of the Bondholders. In exercising such judgment, the Master Trustee may rely on the opinion of Independent Counsel.
- (h) To specify, determine or authorize by Supplemental Master Trust Agreement any and all matters and things relative to the Bonds of a Series or the proceeds thereof which are not contrary to or inconsistent with the Master Trust Agreement as theretofore in effect.

(i) To make any other change which in the judgment of the Master Trustee does not materially adversely affect the Bondholders; *provided* that (i) the Master Trustee, in connection with such judgment, may rely conclusively upon the respective opinions or reports of each of the Rating Agencies then rating the Bonds stating that the underlying ratings of the Bonds, without regard to credit enhancement or insurance, will not be adversely affected after such change to conclusively establish whether the change does not materially adversely affect the Bondholders and (ii) the Authority shall provide such written opinions or reports to the Trustee as a precondition to such change.

SUPPLEMENTAL MASTER TRUST AGREEMENTS REQUIRING CONSENT OF BONDHOLDERS

Exclusive of Supplemental Master Trust Agreements summarized under the preceding heading and subject to the terms and provisions contained in the provisions summarized under this heading, and not otherwise, the holders of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Master Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Master Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Trust Agreement or in any Supplemental Master Trust Agreement thereto. Nothing summarized under this heading shall permit, or be construed as permitting, without the consent of the holders of all of the Bonds then outstanding, (a) an extension of the maturity or sinking fund redemption of the principal of or the interest on any Bond issued under the Master Trust Agreement, or (b) a reduction in the principal amount of or redemption premium on any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Master Trust Agreements, or (e) the creation of any lien ranking prior to or on parity with the lien of the Master Trust Agreement on the Trust Estate or any part thereof, or (f) the holder of any Bond then Outstanding to be deprived of the lien created by the Master Trust Agreement on the Master Trust Estate. For purposes of the Master Trust Agreement and the making of any supplements or amendments hereto, an underwriter or remarketing agent of Bonds who lawfully owns all or a portion of a Series of Bonds is expressly permitted to consent as the holder of the aggregate principal amount of Bonds then owned by such underwriter or remarketing agent, notwithstanding that the underwriter or remarketing agent intends to resell such Bonds immediately after taking ownership of such Bonds.

If at any time the Authority, shall request the Master Trustee to enter into any such Supplemental Master Trust Agreement for any of the purposes summarized in the preceding paragraph, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Master Trust Agreement to be given by first class mail to the owner of each Bond shown by the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Master Trust Agreement and shall state that copies thereof are on file at the principal office of the Master Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by the Authority following such notice, the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Master Trust Agreement shall have consented to and approved the execution thereof as in the Master Trust Agreement provided, no holder of any Bond shall have any right 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 Master Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Master Trust

Agreement described under this heading, the Master Trust Agreement shall be and be deemed to be modified and amended in accordance therewith.

APPENDIX B-1

**STATE OF ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
FINANCIAL AUDIT
FUND 270 – WATER REVOLVING FUND
FOR THE YEAR ENDED JUNE 30, 2019**

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STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ENVIRONMENTAL PROTECTION AGENCY
WATER REVOLVING FUND

Financial Audit
 For the Year Ended June 30, 2019

Release Date: February 11, 2020

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

INTRODUCTION

This digest covers the financial audit of the Agency's Water Revolving Fund as of and for the year ended June 30, 2019. Our next engagement will include a State Compliance Examination of the entire Agency for the two years ending June 30, 2020.

SYNOPSIS

- (19-01) The Agency failed to exercise adequate controls over financial reporting to ensure draft financial statements of the Water Revolving Fund, Fund 270, provided to the auditors were properly supported and free of errors.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

{Financial data is summarized on next page.}

**ENVIRONMENTAL PROTECTION AGENCY
FINANCIAL AUDIT - WATER REVOLVING FUND
For the Year Ended June 30, 2019**

STATEMENT OF NET POSITION (in thousands)	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents.....	\$ 107,725	\$ 139,331
Securities lending collateral equity with State Treasurer.....	31,333	52,399
Loans and notes receivable.....	72,460	75,686
Other receivables.....	15,480	15,433
Due from federal government.....	307	274
Due from other funds.....	-	278
Due from component unit.....	8,131	9,225
Restricted assets - accrued interest receivable.....	11,687	11,665
Restricted assets - loans receivable.....	200,820	164,223
Prepaid expenses.....	17	12
Total current assets.....	447,960	468,526
Noncurrent Assets		
Loans and notes receivable, net of current portion.....	1,231,325	1,358,165
Restricted assets - loans receivable.....	2,997,630	2,518,695
Capital assets, net of accumulated depreciation.....	9	14
Total noncurrent assets.....	4,228,964	3,876,874
Deferred Outflows of Resources		
Deferred amount of pension liability.....	7,350	10,901
Deferred amount on OPEB liability.....	740	827
Deferred amount on refunding of long-term obligation.....	-	318
Total deferred outflows of resources.....	8,090	12,046
Total Assets and Deferred Outflows of Resources.....	4,685,014	4,357,446
Liabilities		
Total Current liabilities.....	33,476	53,145
Total Noncurrent liabilities.....	1,230,927	1,041,443
Total Liabilities.....	1,264,403	1,094,588
Deferred Inflows of Resources		
Deferred amount on pension liability.....	9,200	9,949
Deferred amount on OPEB liability.....	15,182	12,671
Deferred amount on refunding of long-term obligation.....	-	52
Total deferred inflows of resources.....	24,382	22,672
Total Liabilities and Deferred Inflows of Resources.....	1,288,785	1,117,260
Net Position		
Net investment in capital assets.....	9	14
Restricted for:		
Debt Service.....	3,210,137	2,694,849
Other Purposes.....	632,412	623,062
Unrestricted.....	(446,329)	(77,739)
Total Net Position.....	\$ 3,396,229	\$ 3,240,186

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)	2019	2018
Operating Revenues.....	\$ 77,487	\$ 70,908
Operating Expenses.....	43,697	41,044
Operating Income.....	33,790	29,864
Nonoperating Revenues.....	148,931	65,061
Nonoperating Expenses.....	26,678	22,174
Change in Net Position.....	156,043	72,751
Net Position, Beginning of Year.....	3,240,186	3,167,435
Net Position, End of Year.....	\$ 3,396,229	\$ 3,240,186

AGENCY DIRECTOR

During Engagement Period: Alec Messina (through 1-20-19); John J. Kim, Acting (1-21-19 through 5-30-19); John J. Kim, Acting (effective 5-31-19)
Currently: John J. Kim

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER FINANCIAL
REPORTING**

The Illinois Environmental Protection Agency (Agency) failed to exercise adequate controls over financial reporting to ensure draft financial statements of the Water Revolving Fund, Fund 270, provided to auditors are properly supported and free of errors.

During our testing, we noted the following:

**Incorrect entry to reverse prior year
accrual entries**

**\$626 thousand of the journal entry
was not adequately supported**

**Note disclosures did not agree to
supporting documentation**

- The Agency made an incorrect entry to reverse prior year accrual entries to the General and Administrative Expenses. The entry resulted in an understatement of General and Administrative Expenses by \$1.613 thousand, an understatement of Interest and Investment Income, Non-Operating by \$859 thousand and an overstatement of Other Expenses by \$754 thousand. An adjusting entry was required. Additionally, \$626 thousand of this journal entry was not adequately supported.
- Three of 16 (19%) disclosures in the draft Notes to Financial Statements did not agree to supporting documentation.

We recommended the Agency strengthen its internal controls over the financial reporting process, including a timely and adequate review of financial statements and notes to the financial statements, to ensure accurate submission of financial data.

Agency agrees with recommendation

Agency officials agreed with the recommendation and stated the Agency will assure a more proactive approach to quarterly financial statements and will assure established GAAP financial procedures are followed.

AUDITOR'S OPINION

The auditors stated the financial statements of the Agency's Water Revolving Fund as of and for the year ended June 30, 2019 are fairly stated in all material respects.

This financial audit was performed by E.C. Ortiz & Co. LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:ph

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**FINANCIAL AUDIT
For the Year Ended June 30, 2019**

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2019

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**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2019**

AGENCY OFFICIALS

Director	John J. Kim (effective 5/31/19) John J. Kim, Acting (1/21/19 - 5/30/19) Alec Messina (through 1/20/19)
Deputy Director	Todd Rettig (effective 6/1/19) Laura Roche (through 6/2/19)
Chief of Staff	Laura Roche (effective 6/1/19)
Chief Legal Counsel	Dana Vetterhoffer, Acting (effective 2/28/19) Vacant (1/21/19 - 2/27/19) John J. Kim (through 1/20/19)
Chief Financial Officer	Courtney L. Bott
Chief Internal Auditor	James Froehner (effective 2/1/19) Vacant (12/4/18 - 1/31/19) Max Paller (through 12/3/18)

The Agency's headquarters is located at:

1021 North Grand Avenue East
Springfield, Illinois 62794

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2019**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying individual nonshared proprietary financial statements of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency) was performed by E.C. Ortiz and Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Agency's individual nonshared proprietary financial statements of the Water Revolving Fund.

SUMMARY OF FINDINGS

The auditors identified one matter involving the Agency's internal control over financial reporting that they considered to be a material weakness.

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDING				
2019-001	48	New	Inadequate Controls over Financial Reporting	Material Weakness

EXIT CONFERENCE

The Agency waived an exit conference in a correspondence from James Froehner, Chief Internal Auditor, on January 2, 2020. The response to the recommendation was provided by James Froehner, Chief Internal Auditor, in a correspondence dated January 2, 2020.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency, as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Water Revolving Fund and do not purport to, and do not, present fairly the financial position of either the State of Illinois or the State of Illinois, Environmental Protection Agency as of June 30, 2019, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis, pension, and other post-employment benefits information for the Water Revolving Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency. The combining financial statements listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining financial statements listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not required part of the financial statements. Such information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements listed as supplementary information in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2020 on our consideration of State of Illinois, Environmental Protection Agency's internal control over financial reporting of the Water Revolving Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Environmental Protection Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Environmental Protection Agency's internal control over financial reporting of the Water Revolving Fund and its compliance.

Restricted Use of this Auditor's Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and the State of Illinois, Environmental Protection Agency's management and is not intended to be and should not be used by anyone other than these specified parties.

Chicago, Illinois
January 7, 2020

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND

STATEMENT OF NET POSITION

June 30, 2019
(amounts in \$000's)

		<u>Water Revolving Fund (270 Fund)</u>
ASSETS		
Current assets		
Cash and cash equivalents	S	107,725
Securities lending collateral equity with State Treasurer		31,333
Loans and notes receivable		72,460
Other receivables		15,480
Due from federal government		307
Due from component unit		8,131
Restricted assets - accrued interest receivable		11,687
Restricted assets - loans receivable		200,820
Prepaid expenses		17
Total current assets		<u>447,960</u>
Noncurrent assets		
Loans and notes receivable, net of current portion		1,231,325
Restricted assets - loans receivable		2,997,630
Capital assets, net of accumulated depreciation		9
Total noncurrent assets		<u>4,228,964</u>
TOTAL ASSETS		<u>4,676,924</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on pension liability		7,350
Deferred amount on OPEB liability		740
Total deferred outflows of resources		<u>8,090</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>4,685,014</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		583
Due to component units		146
Due to federal governments		144
Due to other funds		401
Obligations under securities lending of State Treasurer		31,333
Total OPEB liability		732
Compensated absences		137
Total current liabilities		<u>33,476</u>
Noncurrent liabilities		
Long-term obligations		1,139,997
Compensated absences		821
Net pension liability		59,568
Total OPEB liability		30,541
Total noncurrent liabilities		<u>1,230,927</u>
TOTAL LIABILITIES		<u>1,264,403</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on pension liability		9,200
Deferred amount on OPEB liability		15,182
Total deferred inflows of resources		<u>24,382</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>1,288,785</u>
NET POSITION		
Net investment in capital assets		9
Restricted for:		
Debt service		3,210,137
Other purposes		632,412
Unrestricted (deficit)		<u>(446,329)</u>
TOTAL NET POSITION	S	<u>3,396,229</u>

See accompanying notes to the financial statements

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**For the Year Ended June 30, 2019
(amounts in \$000's)**

	Water Revolving Fund (270 Fund)
OPERATING REVENUES	
Interest income on loans - unpledged	\$ 51,263
Interest income on loans - pledged	26,224
Total operating revenues	77,487
OPERATING EXPENSES	
General and administrative	16,370
Principal forgiveness	27,324
Depreciation	3
Total operating expenses	43,697
OPERATING INCOME	33,790
NONOPERATING REVENUES	
Interest and investment income	4,163
Federal government	144,768
Total nonoperating revenues	148,931
NONOPERATING EXPENSES	
Interest	23,844
Other nonoperating expenses	2,834
Total nonoperating expenses	26,678
CHANGE IN NET POSITION	156,043
NET POSITION, BEGINNING OF YEAR	3,240,186
NET POSITION, END OF YEAR	\$ 3,396,229

See accompanying notes to the financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

**For the Year Ended June 30, 2019
(amounts in \$000's)**

	Water Revolving Fund (270 Fund)
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash payments to employees for services	\$ (14,219)
Other payments	(4,244)
Net cash used in operating activities	(18,463)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants received	144,437
Operating grants paid	(1,411)
Proceeds from revenue bonds, net of underwriter's discount	272,532
Net cash provided by noncapital financing activities	415,558
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	68,860
Loans disbursed to governmental units	(659,794)
Loans repaid by governmental units	162,233
Net cash used in investing activities	(428,701)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(31,606)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	139,331
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 107,725
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 33,790
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation expense	3
Principal forgiveness	27,324
In-kind expense	298
Interest income	(77,487)
Change in assets and liabilities	
Decrease in due from other funds	278
Increase in prepaid expenses	(5)
Decrease in deferred outflows of resources	3,638
Increase in accounts payable and accrued liabilities	529
Increase in due to component units	83
Increase in intergovernmental payables	22
Increase in due to other funds	105
Decrease in other liabilities	(3)
Decrease in net pension liability	(2,758)
Decrease in net OPEB liability	(6,042)
Increase in deferred inflows of resources	1,762
Net cash used in operating activities	\$ (18,463)
Noncash investing, capital, and financing activities	
Loss on disposal of capital assets	\$ 2
Loan repayments held at Trustee	\$ 96,988

See accompanying notes to the financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

1. Description of Fund

The State of Illinois, Environmental Protection Agency (Agency) administers the nonshared proprietary fund - Water Revolving Fund. A nonshared fund is a fund in which a single State agency is responsible for administering substantially all financial transactions of the fund.

The Water Revolving Fund held by the State Treasurer consists of the Water Pollution Control Loan Program ("Clean Water Program") established under authority granted in the Water Quality Act of 1987, which amended the Clean Water Act of 1972 and the Public Water Supply Loan Program ("Drinking Water Program") established under authority granted in the Federal Safe Drinking Water Act Amendments of 1996.

The Clean Water Program is administered by the Agency pursuant to the Illinois Environmental Protection Act, as supplemented and amended. The Clean Water Program was established as a revolving fund to accept federal capitalization grants, the required 20% State match and any proceeds of revenue bonds for the purpose of making low interest loans to units of local government to finance the construction of wastewater treatment works.

The Drinking Water Program is administered by the Agency pursuant to the Illinois Environmental Protection Act to accept federal capitalization grants, the required 20% State match and any proceeds of revenue bonds for the purpose of making low interest loans to units of local government and certain private community water supplies to finance the construction of public water facilities.

2. Summary of Significant Accounting Policies

The financial statements of the individual nonshared proprietary fund (the Fund) administered by the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

Reporting Entity: As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

2. Summary of Significant Accounting Policies (Continued)

Based upon the required criteria, the individual nonshared proprietary fund does not have component units, nor is it a component unit of any other entity. However, because the individual nonshared proprietary fund is not legally separate from the State of Illinois (State), it is included in the financial statements of the State as a proprietary fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871, or accessing its website at www.illinoiscomptroller.gov.

The financial statements present only the Water Revolving Fund (270) administered by the Illinois Environmental Protection Agency and do not purport to, and do not, present fairly the financial position of the Illinois Environmental Protection Agency as of June 30, 2019 and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation: In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows have been presented for the individual nonshared proprietary fund administered by the Agency.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of Accounting: The individual nonshared proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and entitlements. Revenue from grants, entitlements, and similar items is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. **Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents: Cash and cash equivalents consist of deposits held in the State Treasury.

Interfund Transactions: The individual nonshared proprietary fund has the following types of interfund transactions with other funds of the State:

Loans - amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds.

Services Provided and Used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund statement of net position.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. Transfers are reported after nonoperating revenues and expenses.

Restricted Assets - Loans Receivable: Under the bond agreements, the repayments of certain loans to municipalities and water districts are pledged against the bond payments. The repayments of those loans are collected in a separate trust account and are used to make bond payments.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

2. Summary of Significant Accounting Policies (Continued)

Capital Assets: Capital assets, which include equipment, are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

The capitalization threshold and the estimated useful lives are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Equipment	\$5,000	3-25

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the Fund has two items that qualify for reporting in this category, amounts related to pensions (note 13) and amounts related to other postemployment benefits (note 14).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund has two items that qualify for reporting in this category, amounts related to pensions (note 13) and amounts related to other postemployment benefits (note 14).

Compensated Absences: The liability for compensated absences reported in the individual nonshared proprietary fund consists of unpaid, accumulated vacation and sick leave balances for Agency employees. The liability has been calculated using the vesting method, in which leave amounts for employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary-related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998, capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue 12 sick days per year but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997, (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997, will be converted to service time for purposes of calculating employee pension benefits.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Pensions: In accordance with the Agency's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the proprietary fund financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Agency's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): In accordance with the Agency's adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense have been recognized in the proprietary fund financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

2. Summary of Significant Accounting Policies (Continued)

The net OPEB liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total OPEB expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total OPEB liability, plan administrative expenses, current year benefit changes and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to OPEB assets and liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, OPEB expense, information about the fiduciary net position of plans and additions to/deductions from the plans' fiduciary net position have been determined on the same bases as they are reported within the separately issued plan financial statements. For this purpose, benefit payments are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Net Position: Equity is displayed in three components as follows:

Net Investment in Capital Assets - this consists of capital assets, net of accumulated depreciation and related debt.

Restricted - this consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, and then unrestricted resources when they are needed.

Unrestricted - this is the amount that does not meet the definition of "restricted" or "net investment in capital assets." Although the Fund reports unrestricted net position, it is to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and is to remain in the Fund.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements: Effective for the year ending June 30, 2019, the Agency adopted the following GASB statements:

Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The implementation of this statement had no financial impact on the Agency's net position or results of operations.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is intended to improve the information that is disclosed in the notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should be including when disclosing information related to debt. The implementation of this statement had no financial impact on the Agency's net position or results of operations.

Future Adoption of New Accounting Pronouncements: Effective for the year ending June 30, 2020, the Agency will adopt the following GASB statement:

Statement No. 84, *Fiduciary Activities*, which is intended to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In addition, this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

2. Summary of Significant Accounting Policies (Continued)

Effective for the year ending June 30, 2021, the Agency will adopt the following GASB statements:

Statement No. 87, *Leases*, which is intended to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is intended to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 91, *Conduit Debt Obligations*, which is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The Agency has not yet determined the impact of adopting these statements on its financial statements.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

3. Cash and Cash Equivalents

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury.

Deposits in the custody of the State Treasurer (or in transit) at June 30, 2019, were \$107,725 thousand. Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11).

Funds held by the State Treasurer have not been categorized as to credit risk because the Agency does not own individual securities. Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report.

4. Securities Lending Transaction

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During Fiscal Year 2019, Deutsche Bank AG lent U.S. Treasury and U.S. Agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during the fiscal year on the amount of the loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. There were no losses during the fiscal year resulting from a default of the borrowers or Deutsche Bank AG.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

4. Securities Lending Transaction (Continued)

During the fiscal year, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the State Treasurer has allocated the assets and obligations at June 30, 2019, arising from securities lending agreements to the various funds of the State. The total allocated to the Water Revolving Fund at June 30, 2019, was \$31,333 thousand.

5. Loans and Notes Receivable

Loans and notes receivable consist of loans made to local governments for infrastructure programs.

Each loan to a participant for an eligible project from funds in the Clean Water Program or the Drinking Water Program is evidenced by a Loan Agreement. In each Loan Agreement, the Agency agrees to make a loan in an amount up to the maximum amount provided in the Loan Agreement. Funds are disbursed to a participant only to pay eligible project costs that actually have been incurred by the participant, and the amount of a loan is generally equal to the aggregate of such disbursed amounts, although in certain instances such amount may also include capitalized interest. The actual amounts loaned to participants will generally depend upon the actual progress of construction on the related projects.

Each Loan Agreement specifies a date as of which the Project is required to initiate operation (“Operation Initiation Date”). Amortization of each Loan is required to begin no later than one year from the earlier of the Operation Initiation Date or the date identified in the Loan Agreement as the initiation of loan repayment date (“Initiation of Loan Repayment Date”). The final maturity of each loan is not later than 20 years from the earlier of the Operation Initiation Date or the Initiation of Loan Repayment Date. Each Loan Agreement permits prepayment of all or a portion of the balance of the loan, without premium. Most of the Loan Agreements provide for semi-annual principal and interest payments, with the actual dates of repayment varying from Loan Agreement to Loan Agreement, with a few Loan Agreements providing for quarterly or annual principal and interest payments.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

5. Loans and Notes Receivable (Continued)

Fixed Loan Rate: The Agency assigns to each loan a fixed loan rate at the time a loan is made to the participant. For loans financed prior to the inception of the American Recovery and Reinvestment Act (ARRA), the fixed loan rate is comprised of an interest portion and a loan support portion and is computed by using the mean interest rate of the 20-year Tax-Exempt Bonds General Obligation Bond Buyer Index, as published weekly by *The Bond Buyer*, from July 1 to June 30 of the preceding fiscal year rounded to the nearest 100th of a percent and multiplied by 50%. Those loans financed with ARRA funds bear an interest rate of 0.0%. The interest rates on the loans currently outstanding are between 0.0% and 2.91%

Security for Loans: Generally, the repayment obligations of each participant will either be (i) secured by the revenues generated by its wastewater or drinking water system or (ii) a general obligation of the participant. The Agency conducts an analysis as part of its loan review process to determine the appropriate security for a loan and upon making such determination, the participant evidences its obligation under the loan agreement and grants the security determined by the Agency by adopting a bond ordinance or resolution or similar authorization in accordance with State law. In certain instances, a participant may issue revenue bonds, general obligation bonds, or other obligations, as applicable, to evidence its repayment obligations.

Estimated repayments of the loans receivable and interest thereon, are as follows (amounts in \$000's):

<u>Year ending June 30</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2020	273,278	73,740	347,018
2021	287,323	73,184	360,507
2022	288,167	68,492	356,659
2023	287,695	63,258	350,953
2024	288,903	58,057	346,960
2025-2029	1,349,147	215,743	1,564,890
2030-2034	1,089,567	108,101	1,197,668
2035-2039	599,515	27,106	626,621
2040-2052	<u>41,314</u>	<u>1,703</u>	<u>43,017</u>
	<u>\$ 4,504,909</u>	<u>\$ 689,384</u>	<u>\$ 5,194,293</u>

*Repayments include planned future interest capitalization in the amount of: \$2,674 (based on actual disbursements).

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

5. Loans and Notes Receivable (Continued)

Restricted Loans Receivable

At June 30, 2019, the Agency has pledged loans receivable in the amount of \$3,198,450 thousand. This amount is to finance present and future issuances of leveraged bond debt (see note 9). During the year ended June 30, 2019, the Agency received \$193,275 thousand and \$26,203 thousand pledged principal and interest, respectively, on these loans. After bond payment, any excess of the principal and interest received over the 1.2 coverage ratio is released from restriction.

Loan Commitments and Concentrations

Per the Environmental Protection Agency Procedures and Requirements for Determining Loan Priorities (35 Illinois Administrative Code, Section 366.105: Funding Allocations), loan funds available from State and Federal appropriations during the capitalization period authorized by the Clean Water Act to capitalize the Clean Water portion of the fund will be subject to an equal division between the service area of the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC) and the area which is comprised of the geographical balance of the State of Illinois, to the extent that projects in either area in any fiscal year have qualified to receive loan assistance and are ready to proceed in accordance with the criteria for loan award. The service area of MWRDGC also includes several municipalities that may receive loans directly from the fund. Any imbalance in the division of the total loan funds shall be carried forward from year to year and shall be applied as projects are able to complete a loan application to achieve an accumulatively equal distribution. Currently, 42.13% of loan funds made under the Clean Water Program have been made to MWRDGC and municipalities in its service area.

As of June 30, 2019, the outstanding balance of loans to MWRDGC amounted to \$1,032,786 thousand which exceeds 5% of total loans receivable of the fund. This represents approximately 22.94% of total loans receivable.

As of June 30, 2019, the outstanding balance of loans to the City of Chicago amounted to \$813,541 thousand which exceeds 5% of the total loans receivable of the fund. This represents approximately 18.07% of the total loans receivable.

Principal Forgiveness

As of June 30, 2019, the Federal loan commitments included ARRA federal funds of \$256,781 thousand, of which \$129,077 thousand will be forgiven. ARRA principal forgiveness loans are forgiven as disbursed but must be repaid if the recipient fails to meet ARRA requirements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

5. Loans and Notes Receivable (Continued)

Federal grants awarded post-ARRA required additional loan principal forgiveness with the minimum and maximum requirements depending on the program. The total minimum principal forgiveness amount is \$143,197 thousand and the total maximum amount is \$407,103 thousand.

The 2019 Federal grants for both the Clean Water and Drinking Water programs had not been received as of June 30, 2019. The Clean Water principal forgiveness required under these grants will be provided through a methodology established in the rules established to manage the loan program and the Drinking Water principal forgiveness will be determined by the criteria established in the annual Intended Use Plan for that program. The Clean Water Program exceeded the maximum principal forgiveness allowed after the 2011 grant by \$11,903 thousand. This amount has been paid from the Clean Water Loan Support Program. The Drinking Water minimum has been met, except for the 2017 grant, and no issues have resulted from the maximum amount for the Drinking Water Program. Following is a summary of Post-ARRA loan principal forgiveness (amounts in \$000's):

	Clean Water Program		
	<u>Minimum</u>	<u>Maximum</u>	<u>Actual</u>
2010-2014 Grant	\$ 29,837	\$ 81,403	\$ 78,171
2015 Grant	-	18,926	14,261
2016 Grant	6,043	18,128	9,351
2017 Grant	5,996	23,985	18,518
2018 Grant	7,259	29,036	28,522
2019 Grant (to be issued)	7,186	28,744	-
Principal forgiveness charged to Loan Support Program	-	-	11,903
Total Principal Forgiveness Post ARRA	\$ 56,231	\$ 200,222	\$ 160,726

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

5. Loans and Notes Receivable (Continued)

	<u>Drinking Water Program</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Actual</u>
2010-2014 Grant	\$ 46,549	\$ 117,552	\$ 50,485
2015 Grant	7,334	11,000	9,853
2016 Grant	6,938	17,345	8,404
2017 Grant	6,879	17,196	17,192
2018 Grant	8,382	20,954	20,435
2019 Grant (to be issued)	10,794	22,834	-
Principal forgiveness charged to Loan Support Program	-	-	-
Total Principal Forgiveness Post ARRA	<u>\$ 86,876</u>	<u>\$ 206,881</u>	<u>\$ 106,369</u>
	<u>Total</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Actual</u>
2010-2014 Grant	\$ 76,386	\$ 198,955	\$ 128,656
2015 Grant	7,334	29,926	24,114
2016 Grant	12,981	35,473	17,755
2017 Grant	12,875	41,181	35,710
2018 Grant	15,641	49,990	48,957
2019 Grant (to be issued)	17,980	51,578	-
Principal forgiveness charged to Loan Support Program	-	-	11,903
Total Principal Forgiveness Post ARRA	<u>\$ 143,197</u>	<u>\$ 407,103</u>	<u>\$ 267,095</u>

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

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6. Due from Component Unit

The amount due from component unit represents unpledged loan repayments and related interest received and held in certain trust accounts in the name of the Illinois Finance Authority (IFA) in connection with the bonds (See note 9). The unpledged loan repayments and related interest are transferred monthly to the State Treasury.

7. Interfund Balances and Transfers

Balances Due to Other Funds: The following balances at June 30, 2019, represent amounts due to other Agency and State of Illinois funds (amounts in \$000's):

Due to Central Management Services	\$ 97
Due to State Employees' Retirement System	244
Due to Auditor General	<u>60</u>
 Total Due to Other Funds	 \$ <u>401</u>

8. Capital Assets

Capital asset activities for the year ended June 30, 2019 were as follows (amounts in \$000's):

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets being depreciated				
Equipment	\$ 401	\$ -	\$ 21	\$ 380
Less: accumulated depreciation	<u>387</u>	<u>3</u>	<u>19</u>	<u>371</u>
 Total capital assets being depreciated	 <u>\$ 14</u>	 <u>\$ (3)</u>	 <u>\$ 2</u>	 <u>\$ 9</u>

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9. Long-Term Obligations

Changes in Long-Term Obligations: Changes in long-term obligations for the year ended June 30, 2019, were as follows (amounts in \$000's):

	Balance July 1, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019	Amounts Due Within One Year
Due to Illinois Finance Authority	\$ 941,052	\$ 735,078	\$ 536,133	\$1,139,997	\$ -
Compensated absences	961	1,011	1,014	958	137
Net pension liability	62,326	791	3,549	59,568	-
Net OPEB liability	37,315	-	6,042	31,273	732
	<u>\$ 1,041,654</u>	<u>\$ 736,880</u>	<u>\$ 546,738</u>	<u>\$1,231,796</u>	<u>\$ 869</u>

Due to Illinois Finance Authority: On December 5, 2013, the Illinois Finance Authority (IFA), a nonmajor component unit of the State of Illinois, issued \$141,700 thousand State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2013 (2013 bonds), with interest rates ranging from 1.5% to 5.0%. The purpose of the 2013 bonds was to advance refund \$107,770 thousand of outstanding Series 2002 and 2004 bonds, with interest rates ranging from 3.25% to 5.5%, and to provide \$58,526 thousand of State Match required under the program's capitalization grants for the grant years 2011-2013. The net proceeds from the 2013 bond issue included \$16,875 thousand in bond premiums.

A portion of the 2013 bond proceeds was deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2002 and 2004 Series bonds. As a result, those bonds were considered to be defeased, as was the Agency's obligation to IFA for those bonds. The liability was removed from the Agency's statement of net position. The 2002 and 2004 Series bonds were repaid in their entirety during the year ended June 30, 2015.

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9. Long-Term Obligations (Continued)

On September 12, 2016, the IFA issued \$500,000 thousand of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2016 (2016 bonds), with interest rates ranging from 4.0% to 5.0%. The proceeds of the 2016 bonds (including a premium of \$91,698 thousand and less expenses of \$2,923 thousand) provided \$24,177 thousand of Clean Water State Match, \$21,218 thousand for Drinking Water State Match, \$326,017 thousand for Clean Water Loan program needs, and \$217,363 thousand for the needs of the Drinking Water Loan Program.

On September 12, 2017, the IFA issued \$560,025 thousand of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2017 (2017 bonds), with interest rates of 5%. The proceeds of the 2017 bonds (including a premium of \$104,447 thousand less expenses of \$3,117 thousand) provided \$411,355 thousand for Clean Water Loan program needs and \$250,000 thousand for Drinking Water Loan Program needs.

On April 16, 2019, the IFA issued \$450,000 thousand of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2019 (2019 bonds), with interest rates ranging from 4.0% to 5.25%. The proceeds of the 2019 bonds (including a premium of \$85,026 thousand less expenses of \$2,677 thousand) provided \$29,036 thousand for Clean Water State Match, \$16,763 thousand for Drinking Water State Match, \$225,306 thousand for Clean Water Loan program needs, and \$261,244 thousand for Drinking Water Loan Program needs.

Prior to issuance of each series of bonds, the Agency sold and assigned certain loans outstanding related to the Clean Water Program and Drinking Water Program to the IFA and pledged the loans to secure payment of the bonds. Of the total outstanding loans at June 30, 2019, \$3,198,450 thousand has been pledged for repayment of the Bonds. The bond trustee is entitled to receive all principal and interest due on these pledged loans. Any loans funded with the proceeds from the bonds are not pledged to the bond trustee and are not deemed to be pledged loans.

The State Match portion of the bonds is to be paid from the interest repayments of the pledged loans and the income derived from the investment of monies held in funds and accounts established under the bond indenture. The remaining funds are used to pay the amounts due from refinancing and any future leveraged bond sale.

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9. Long-Term Obligations (Continued)

After the bond payments have been made, any excess repayment funds can be released for use in the Loan Program as long as the Pledged Loan to Debt Ratio is 1.2 to 1. All funds at the Trustee are held in the name of IFA. As a result, the Water Revolving Fund has recorded an obligation to repay the outstanding balance of the bonds and other costs, adjusted for excess amounts held by IFA in certain restricted accounts, as follows (amounts in \$000's):

Bonds payable	\$	1,479,430
Accrued interest payable on bonds at June 30, 2019		30,237
Unamortized premium		227,275
Trustee fees payable		175
Deferred net loss on prior bonds refunded		<u>(148)</u>
		1,736,969
Cash and cash equivalents and accrued interest receivable held in restricted accounts at June 30, 2019		<u>(596,972)</u>
Net obligation	\$	<u>1,139,997</u>

The debt service required to be paid by IFA on the bonds is as follows (amounts in \$000's):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 68,255	\$ 64,921
2021	87,525	67,789
2022	88,985	63,395
2023	89,965	58,971
2024	91,465	54,606
2025 – 2029	452,460	206,140
2030 – 2034	393,955	99,585
2035 – 2039	201,270	21,141
2040 – 2042	<u>5,550</u>	<u>208</u>
	<u>\$ 1,479,430</u>	<u>\$ 636,756</u>

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10. Restricted Net Position

Portions of net position at June 30, 2019 are restricted for (amounts in \$000's):

Low interest loans to local governments, net of loans pledged for debt service	\$ 632,412
Debt service	<u>3,210,137</u>
Total restricted net position	<u>\$ 3,842,549</u>

Low Interest Loans: The Water Revolving Fund was created pursuant to the Clean Water Act and Safe Drinking Water Act and established to provide financial assistance in the form of loans. These funds are restricted for the purpose of making low interest loans from the Fund.

Debt Service: The amount restricted for debt service consists of loans receivable pledged and related interest receivable pursuant to the sale of revenue bonds in 2013, 2016, 2017, and 2019. (see Note 9).

11. Capitalization Grants

The Agency has entered into Capitalization Grant Agreements with the United States Environmental Protection Agency to administer the Waste Water and Drinking Water Loan Programs, jointly the Water Revolving Fund (270). Pursuant to these Capitalization Grant Agreements, \$2,014,258 thousand for Waste Water and \$815,663 thousand for Drinking Water have been made available to be drawn (pursuant to state matching requirements being met) on the Capital Grant facility at June 30, 2019, with respect to costs in connection with loans made under the Waste Water and Drinking Water Loan Programs.

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11. Capitalization Grants (Continued)

The remaining Capital Grant Facility as of June 30, 2019, is summarized below (amounts in \$000's):

	<u>Waste Water</u>	<u>Drinking Water</u>	<u>Total</u>
Total Capital Grants	\$ 2,014,258	\$ 815,663	\$ 2,829,921
Less: Cumulative drawdowns	<u>(2,014,247)</u>	<u>(813,845)</u>	<u>(2,828,092)</u>
Capital Grant Facility	<u>\$ 11</u>	<u>\$ 1,818</u>	<u>\$ 1,829</u>

Included in the above table are the following amounts awarded under the ARRA (amounts in \$000's):

Total ARRA grants	\$ 177,243	\$ 79,538	\$ 256,781
Less: Cumulative drawdowns	<u>(177,243)</u>	<u>(79,538)</u>	<u>(256,781)</u>
Remaining ARRA amounts to be drawn	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

12. General and Administrative Costs

The Agency is authorized to utilize up to 4% of the total Clean Water Capitalization Grants received for administration of the loan program. In order to allow the maximum amount of grant dollars for loan disbursements, the Agency currently funds administrative costs for the Clean Water Program from sources other than the grant. The Drinking Water Grant Program sets aside and restricts 4% of each grant for the administrative costs of running the program. As of June 30, 2019, the Agency had \$1,770 thousand available to fund future administration costs of the Drinking Water Program.

The Agency also charges a loan support fee. This loan support fee is used to defray program expenses and for state match on federal grants. Loan support fees are collected, deposited and held in the Water Revolving Fund. This fee cannot exceed 50% of the fixed loan rate.

The Agency is also authorized to use a portion of each capitalization grant for specific set-asides authorized under Federal statutes.

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12. General and Administrative Costs (Continued)

The Administrative Revenues and Expenses reported in the Water Revolving Fund for the year ended June 30, 2019, are as follows (amounts in \$000's):

Revenues		
Administrative grants	\$	1,639
Loan Support		34,330
		35,969
Expenses		
Payroll and insurance		14,209
Other general expenses		2,158
Depreciation		3
		16,370
Excess of revenues over expenses	\$	19,599

13. Pension Plan

Plan description: Substantially all of the Agency's full-time employees who are not eligible for participation in another State-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by Article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate CAFR available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255.

Benefit provisions: SERS provides retirement benefits based on the member's final average compensation and the number of years of credited service that have been established. The retirement benefit formula available to general State employees that are covered under the Federal Social Security Act is 1.67% for each year of service and 2.2% for each year of noncovered service. The maximum retirement annuity payable is 75% of final average compensation for regular employees and 80% for alternative formula employees. The minimum monthly retirement annuity payable is \$15 for each year of covered service and \$25 for each year of noncovered employment.

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13. Pension Plan (Continued)

Participants in SERS under the Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2018 rate is \$113,645.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

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13. Pension Plan (Continued)

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least 18 months of credited service with the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Workers' Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

Contributions: Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2019, this amount was \$114,942.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2019, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2019, the employer contribution rate was 51.614%. The Fund's contribution amount for fiscal year 2019 was \$4.043 million.

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13. Pension Plan (Continued)

Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions: At June 30, 2019, the Fund reported a liability of \$59.568 million for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2018 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fund's portion of the net pension liability was based on the Fund's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2018. As of the current year measurement date of June 30, 2018, the Fund's proportion was 0.1802% which was a decrease of 0.0092% from its proportion measured as of the prior year measurement date of June 30, 2017.

For the year ended June 30, 2019, the Fund recognized pension expense of \$42 thousand. At June 30, 2019, the Fund reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2018, from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,427
Changes of assumptions	3,282	1,367
Net difference between projected and actual investment earnings on pension plan investments	27	-
Changes in proportion	-	6,406
Fund contributions subsequent to the measurement date	4,043	-
Total	<u>\$ 7,352</u>	<u>\$ 9,200</u>

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13. Pension Plan (Continued)

\$4.043 million reported as deferred outflows of resources related to pensions resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,	
2020	\$ (1,762)
2021	(1,787)
2022	(1,889)
2023	(453)
Total	\$ (5,891)

Actuarial methods and assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality: 105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added.

Inflation: 2.50%

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Salary increases: Salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lesser of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2016, valuation pursuant to an experience study of the period July 1, 2012 to June 30, 2015.

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13. Pension Plan (Continued)

The long-term expected real rate of return on pension plan investments was determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2017, the best estimates of geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S equity	23.0%	5.50%
Developed Foreign Equity	13.0%	5.30%
Emerging Market Equity	8.0%	7.80%
Private Equity	7.0%	7.60%
Intermediate Investment Grade Bonds	14.0%	1.50%
Long-term Government Bonds	4.0%	1.80%
TIPS	4.0%	1.50%
High Yield and Bank Loans	5.0%	3.80%
Opportunistic Debt	8.0%	5.00%
Emerging Market Debt	2.0%	3.70%
Core Real Estate	5.5%	3.70%
Non Core Real Estate	4.5%	5.90%
Infrastructure	2.0%	5.80%
Total	<u>100%</u>	

Discount rate: A discount rate of 6.81% was used to measure the total pension liability as of the measurement date of June 30, 2018 as compared to a discount rate of 6.78% used to measure the total pension liability as of the prior year measurement date. The June 30, 2018 single blended discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.62%, based on an index of 20-year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law.

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13. Pension Plan (Continued)

Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the net pension liability to changes in the discount rate: The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease 5.81%	Discount Rate 6.81%	1% Increase 7.81%
Fund's proportionate share of the net pension liability	\$ 72,113	\$ 59,568	\$ 49,290

Pavables to the pension plan: At June 30, 2019, the Fund reported a payable of \$244 thousand to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2019.

14. Other Post-employment Benefits (OPEB)

Plan description: The State Employees Group Insurance Act of 1971 ("Act"), as amended, authorizes the Illinois State Employees Group Insurance Program ("SEGIP") to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Fund's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System ("GARS"), Judges Retirement System ("JRS"), State Employees' Retirement System of Illinois ("SERS"), Teachers' Retirement System ("TRS"), and State Universities Retirement System of Illinois ("SURS") are eligible for these other post-employment benefits ("OPEB"). Certain TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees and members with certain reciprocal service.

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14. Other Post-employment Benefits (Continued)

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits provided: The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes five thousand dollars.

Funding policy and annual other postemployment benefit cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date.

The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

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14. Other Post-employment Benefits (Continued)

For fiscal year 2019, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,269.44 (\$6,698.64 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$13,823.52 (\$4,983.60 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB: The total OPEB liability, as reported at June 30, 2019, was measured as of June 30, 2018, with an actuarial valuation as of June 30, 2017. At June 30, 2019, the Fund recorded a liability of \$31.273 million for its proportionate share of the State's total OPEB liability. The Fund's portion of the OPEB liability was based on the Fund's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2018. As of the current year measurement date of June 30, 2017, the Fund's proportion was 0.0780%, which was a decrease of 0.0123% from its proportion measured as of the prior year measurement date of June 30, 2017.

The Fund recognized negative OPEB expense for the year ended June 30, 2019, of \$3.445 million. At June 30, 2019, the Fund reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2017, from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8	\$ 689
Changes of assumptions	-	2,937
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	11,556
Fund contributions subsequent to the measurement date	732	-
Total	<u>\$ 740</u>	<u>\$ 15,182</u>

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

14. Other Post-employment Benefits (Continued)

\$732 thousand reported as deferred outflows of resources related to OPEB resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30,	
2020	\$ (4,123)
2021	(4,123)
2022	(4,123)
2023	(2,613)
2024	(192)
Total	\$ (15,174)

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

14. Other Post-employment Benefits (Continued)

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2017, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2017.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.75%
Projected Salary Increases*	3.00% - 15.00%
Discount Rate	3.62%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.0 % grading down 0.5% in the first year to 7.5%, then grading down 0.08% in the second year to 7.42%, followed by grading down of 0.5% per year over 5 years to 4.92% in year 7
Medical (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental	6.0% grading down 0.5% per year over 3 years to 4.5%
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2018 and 2019 are based on actual premiums. Premiums after 2019 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.	

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

14. Other Post-employment Benefits (Continued)

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2017 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study [^]	Mortality ^{^^}
GARS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
JRS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2009 - June 2013	105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
TRS	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants
[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.		
^{^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.		

Discount rate: Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56% at June 30, 2017, and 3.62% at June 30, 2018, was used to measure the total OPEB liability.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

14. Other Post-employment Benefits (Continued)

Sensitivity of total OPEB liability to changes in the single discount rate: The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.62%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.62%) or lower (2.62%) than the current rate (amounts expressed in thousands):

	1% Decrease (2.62%)	Current Single Discount Rate Assumption (3.62%)	1% Increase (4.62%)
Fund's proportionate share of total OPEB liability	\$ 36,663	\$ 31,273	\$ 26,993

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate: The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.0% in 2019 decreasing to an ultimate trend rate of 4.92% in 2026, for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Fund's proportionate share of total OPEB liability	\$ 26,413	\$ 31,273	\$ 37,586

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

15. Contingencies

The Agency is involved in a number of legal proceedings and claims covering a wide range of matters. The ultimate results of these lawsuits and other proceedings against the Agency cannot be predicted with certainty; however, the Agency does not expect such matters to have a material effect on the financial position of Water Revolving Fund.

16. Subsequent Event

The Agency is not aware of any facts, decisions, or conditions that might be expected to have a significant impact on the financial position or results of operations during this and future fiscal years.

SUPPLEMENTARY INFORMATION

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION AGENCY
 FUND 270 - WATER REVOLVING FUND
 INDIVIDUAL NONSHARED PROPRIETARY FUND

COMBINING STATEMENT OF NET POSITION BY PROGRAM

June 30, 2019
 (amounts in \$000's)

	Drinking Water	Waste Water	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 39,153	\$ 68,572	\$ 107,725
Securities lending collateral equity with State Treasurer	11,722	19,611	31,333
Loans and notes receivable	2,830	69,630	72,460
Other receivables	2,602	12,878	15,480
Due from federal government	307	-	307
Due from component unit	1,036	7,095	8,131
Restricted assets - accrued interest receivable	3,601	8,086	11,687
Restricted assets - loans receivable	72,012	128,808	200,820
Prepaid expenses	5	12	17
Total current assets	<u>133,268</u>	<u>314,692</u>	<u>447,960</u>
Noncurrent assets			
Loans and notes receivable, net of current portion	45,021	1,186,304	1,231,325
Restricted assets - loans receivable	1,202,710	1,794,920	2,997,630
Capital assets, net of accumulated depreciation	-	9	9
Total noncurrent assets	<u>1,247,731</u>	<u>2,981,233</u>	<u>4,228,964</u>
TOTAL ASSETS	<u>1,380,999</u>	<u>3,295,925</u>	<u>4,676,924</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on pension liability	1,521	5,829	7,350
Deferred amount on OPEB liability	153	587	740
Total deferred outflows of resources	<u>1,674</u>	<u>6,416</u>	<u>8,090</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,382,673</u>	<u>3,302,341</u>	<u>4,685,014</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	166	417	583
Due to component units	90	56	146
Due to federal government	8	136	144
Due to other funds	120	281	401
Obligations under securities lending of State Treasurer	11,722	19,611	31,333
Total OPEB liability	152	580	732
Compensated absences	31	106	137
Total current liabilities	<u>12,289</u>	<u>21,187</u>	<u>33,476</u>
Noncurrent liabilities			
Long-term obligations	443,118	696,879	1,139,997
Compensated absences	187	634	821
Net pension liability	12,331	47,237	59,568
Total OPEB liability	6,321	24,220	30,541
Total noncurrent liabilities	<u>461,957</u>	<u>768,970</u>	<u>1,230,927</u>
TOTAL LIABILITIES	<u>474,246</u>	<u>790,157</u>	<u>1,264,403</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on pension liability	1,904	7,296	9,200
Deferred amount on OPEB liability	3,143	12,039	15,182
Total deferred inflows of resources	<u>5,047</u>	<u>19,335</u>	<u>24,382</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>479,293</u>	<u>809,492</u>	<u>1,288,785</u>
NET POSITION			
Net investment in capital assets	-	9	9
Restricted for			
Debt service	1,278,324	1,931,813	3,210,137
Other purposes	-	632,412	632,412
Unrestricted (deficit)	<u>(374,944)</u>	<u>(71,385)</u>	<u>(446,329)</u>
TOTAL NET POSITION	<u>\$ 903,380</u>	<u>\$ 2,492,849</u>	<u>\$ 3,396,229</u>

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION AGENCY
 FUND 270 - WATER REVOLVING FUND
 INDIVIDUAL NONSHARED PROPRIETARY FUND

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM

For the Year Ended June 30, 2019
 (amounts in \$000's)

	Drinking Water	Waste Water	Subtotal
OPERATING REVENUES			
Interest income on loans - unpledged	\$ 11,409	\$ 39,854	\$ 51,263
Interest income on loans - pledged	10,836	15,388	26,224
Total operating revenues	<u>22,245</u>	<u>55,242</u>	<u>77,487</u>
OPERATING EXPENSES			
General and administrative	3,937	12,433	16,370
Principal forgiveness	8,494	18,830	27,324
Depreciation	-	3	3
Total operating expenses	<u>12,431</u>	<u>31,266</u>	<u>43,697</u>
OPERATING INCOME	<u>9,814</u>	<u>23,976</u>	<u>33,790</u>
NONOPERATING REVENUES			
Interest and investment income	1,661	2,502	4,163
Federal government	64,869	79,899	144,768
Total nonoperating revenues	<u>66,530</u>	<u>82,401</u>	<u>148,931</u>
NONOPERATING EXPENSES			
Interest	9,508	14,336	23,844
Other nonoperating expenses	1,558	1,275	2,834
Total nonoperating expenses	<u>11,066</u>	<u>15,611</u>	<u>26,678</u>
TRANSFERS			
Transfers-in	39,285	-	39,285
Transfers-out	-	(39,285)	(39,285)
Total transfers	<u>39,285</u>	<u>(39,285)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>104,563</u>	<u>51,481</u>	<u>156,043</u>
NET POSITION, BEGINNING OF YEAR	<u>798,817</u>	<u>2,441,368</u>	<u>3,240,186</u>
NET POSITION, END OF YEAR	<u>\$ 903,380</u>	<u>\$ 2,492,849</u>	<u>\$ 3,396,229</u>

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For the Year Ended June 30, 2019
(amounts in \$000's)

	Drinking Water	Waste Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to employees for services	\$ (3,049)	\$ (11,170)	\$ (14,219)
Other payments	(975)	(3,269)	(4,244)
Net cash used in operating activities	<u>(4,024)</u>	<u>(14,439)</u>	<u>(18,463)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	64,687	79,750	144,437
Operating grants paid	(88)	(1,323)	(1,411)
Proceeds from revenue bonds, net of underwriter's discount	155,509	117,023	272,532
Net cash provided by noncapital financing activities	<u>220,108</u>	<u>195,450</u>	<u>415,558</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment income	17,598	51,262	68,860
Loans disbursed to governmental units	(299,184)	(360,610)	(659,794)
Loans repaid by governmental units	19,177	143,056	162,233
Net cash used in investing activities	<u>(262,409)</u>	<u>(166,292)</u>	<u>(428,701)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(46,325)	14,719	(31,606)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>85,478</u>	<u>53,853</u>	<u>139,331</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 39,153</u>	<u>\$ 68,572</u>	<u>\$ 107,725</u>
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ 9,814	\$ 23,976	\$ 33,790
Adjustments to reconcile operating income to net cash used in operating activities:			
Depreciation expense	-	3	3
Principal forgiveness	8,495	18,829	27,324
In-kind expense	148	150	298
Interest income	(22,245)	(55,242)	(77,487)
Change in assets and liabilities			
Decrease in due from other funds	73	205	278
Increase in prepaid expenses	(5)	-	(5)
Decrease in deferred outflows of resources	924	2,714	3,638
Increase in accounts payable and accrued liabilities	166	363	529
Increase in due to component units	27	56	83
Increase in intergovernmental payables	8	14	22
Increase in due to other funds	16	89	105
Decrease in other liabilities	(1)	(2)	(3)
Decrease in net pension liability	(564)	(2,194)	(2,758)
Decrease in net OPEB liability	(1,247)	(4,795)	(6,042)
Increase in deferred inflows of resources	367	1,395	1,762
Net cash used in operating activities	<u>\$ (4,024)</u>	<u>\$ (14,439)</u>	<u>\$ (18,463)</u>
Noncash investing, capital, and financing activities			
Loss on disposal of capital assets	\$ -	\$ 2	\$ 2
Loan repayments held at Trustee	\$ 54,364	\$ 42,624	\$ 96,988



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Water Revolving Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting of the Water Revolving Fund (internal control).

In planning and performing our audit of the financial statements, we considered the Agency's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a material weakness.

Agency's Response to the Finding

The Agency's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chicago, Illinois
January 7, 2020

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDING
For the Year Ended June 30, 2019**

2019-001. **FINDING** (Inadequate Controls over Financial Reporting)

The Illinois Environmental Protection Agency (Agency) failed to exercise adequate controls over financial reporting to ensure draft financial statements of the Water Revolving Fund, Fund 270, provided to auditors were properly supported and free of errors.

During our testing, we noted the following:

- The Agency made an incorrect entry to reverse prior year accrual entries to the General and Administrative Expenses. The entry resulted in an understatement of the General and Administrative Expenses by \$1,613 thousand, an understatement of Interest and Investment Income, Non-Operating, by \$859 thousand and an overstatement of the Other Expenses by \$754 thousand. An adjusting entry was required. Additionally, \$626 thousand of this journal entry was not adequately supported.
- Three of 16 (19%) disclosures in the draft Notes to Financial Statements did not agree to supporting documentation.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over State's resources. Good internal controls require financial reporting procedures to include proper checks and balances and adequate and timely supervisory review of all fiscal related activities to ensure proper financial reporting.

Agency officials indicated the Agency used a different accounting firm during fiscal year 2019 to assist in the completion of the financial statements. Established procedures were in place to review the accounting firm's draft financial statements; however, due to time constraints, Agency personnel did not identify errors or omissions prior to providing the draft financial statements to the auditors.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDING
For the Year Ended June 30, 2019**

Failure to maintain adequate controls over the financial reporting process increases the risk of a material misstatement in the financial statements and reduces the reliability of Statewide financial reporting. (Finding Code No. 2019-001)

RECOMMENDATION

We recommend the Agency strengthen its internal controls over the financial reporting process, including a timely and adequate review of financial statements and notes to the financial statements, to ensure accurate submission of financial data.

AGENCY RESPONSE

Agree. The Agency will assure a more proactive approach to quarterly financial statements. The Agency will assure established GAAP financial procedures will be thoroughly followed, and all adjusting journal entries, financial statements, and footnotes will be reviewed and approved timely prior to the audit review process.

APPENDIX B-2

**STATE OF ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND
UNAUDITED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND

STATEMENT OF NET POSITION

June 30, 2020
(amounts in \$000's)

	Water Revolving Fund (270 Fund)
ASSETS	
Current assets	
Cash and cash equivalents	\$ 177,543
Securities lending collateral equity with State Treasurer	59,938
Loans and notes receivable	93,196
Other receivables	17,012
Due from federal government	582
Due from component unit	11,277
Restricted assets - accrued interest receivable	9,446
Restricted assets - loans receivable	212,561
Prepaid expenses	10
Total current assets	581,565
Noncurrent assets	
Loans and notes receivable, net of current portion	1,489,331
Restricted assets - loans receivable	2,865,036
Capital assets, net of accumulated depreciation	7
Total noncurrent assets	4,354,374
TOTAL ASSETS	4,935,939
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pension liability	5,947
Deferred amount on OPEB liability	2,745
Total deferred outflows of resources	8,692
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	4,944,631
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	358
Due to component units	82
Due to federal governments	22
Due to other funds	218
Obligations under securities lending of State Treasurer	59,938
Total OPEB liability	828
Compensated absences	209
Total current liabilities	61,655
Noncurrent liabilities	
Long-term obligations	1,288,584
Compensated absences	787
Net pension liability	58,139
Total OPEB liability	34,196
Total noncurrent liabilities	1,381,706
TOTAL LIABILITIES	1,443,361
DEFERRED INFLOWS OF RESOURCES	
Deferred amount on pension liability	6,765
Deferred amount on OPEB liability	11,118
Unearned revenue	58
Total deferred inflows of resources	17,941
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,461,302
NET POSITION	
Net investment in capital assets	7
Restricted for:	
Debt service	3,087,043
Other purposes	835,163
Unrestricted (deficit)	(438,884)
TOTAL NET POSITION	\$ 3,483,329

See accompanying notes to the financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**For the Year Ended June 30, 2020
(amounts in \$000's)**

	Water Revolving Fund (270 Fund)
OPERATING REVENUES	
Interest income on loans - unpledged	\$ 54,953
Interest income on loans - pledged	25,981
Total operating revenues	80,934
OPERATING EXPENSES	
General and administrative	15,141
Principal forgiveness	64,434
Depreciation	2
Total operating expenses	79,577
OPERATING INCOME	1,357
NONOPERATING REVENUES	
Interest and investment income	1,638
Federal government	113,935
Total nonoperating revenues	115,573
NONOPERATING EXPENSES	
Interest	29,630
Other nonoperating expenses	200
Total nonoperating expenses	29,830
CHANGE IN NET POSITION	87,100
NET POSITION, BEGINNING OF YEAR	3,396,229
NET POSITION, END OF YEAR	\$ 3,483,329

See accompanying notes to the financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

(amounts in \$000's)

	<u>Water Revolving Fund (270 Fund)</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash payments to employees for services	\$ (16,310)
Cash payments to internal service providers	(2,722)
Other payments	(1,357)
Net cash used in operating activities	<u>(20,389)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants received	113,439
Operating grants paid	(70)
Proceeds from revenue bonds, net of underwriter's discount	377,756
Net cash provided by noncapital financing activities	<u>491,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	49,387
Loans disbursed to governmental units	(557,398)
Loans repaid by governmental units	107,093
Net cash used in investing activities	<u>(400,918)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,818
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>107,725</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 177,543</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 1,357
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation expense	2
Principal forgiveness	64,434
In-kind expense	22
Interest income	(80,934)
Change in assets and liabilities	
Decrease in prepaid expenses	7
Increase in deferred outflows of resources	(602)
Decrease in accounts payable and accrued liabilities	(225)
Decrease in due to component units	(64)
Decrease in intergovernmental payables	(122)
Decrease in due to other funds	(183)
Increase in unearned revenue	58
Increase in other liabilities	38
Decrease in net pension liability	(1,429)
Increase in net OPEB liability	3,751
Decrease in deferred inflows of resources	(6,499)
Net cash used in operating activities	<u><u>\$ (20,389)</u></u>
Noncash investing, capital, and financing activities	
Loan repayments held at Trustee	\$ 235,220

See accompanying notes to the financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

1. Description of Fund

The State of Illinois, Environmental Protection Agency (Agency) administers the nonshared proprietary fund - Water Revolving Fund. A nonshared fund is a fund in which a single State agency is responsible for administering substantially all financial transactions of the fund.

The Water Revolving Fund held by the State Treasurer consists of the Water Pollution Control Loan Program (“Clean Water Program”) established under authority granted in the Water Quality Act of 1987, which amended the Clean Water Act of 1972 and the Public Water Supply Loan Program (“Drinking Water Program”) established under authority granted in the Federal Safe Drinking Water Act Amendments of 1996.

The Clean Water Program is administered by the Agency pursuant to the Illinois Environmental Protection Act, as supplemented and amended. The Clean Water Program was established as a revolving fund to accept federal capitalization grants, the required 20% State match and any proceeds of revenue bonds for the purpose of making low interest loans to units of local government to finance the construction of wastewater treatment works.

The Drinking Water Program is administered by the Agency pursuant to the Illinois Environmental Protection Act to accept federal capitalization grants, the required 20% State match and any proceeds of revenue bonds for the purpose of making low interest loans to units of local government and certain private community water supplies to finance the construction of public water facilities.

2. Summary of Significant Accounting Policies

The financial statements of the individual nonshared proprietary fund (the Fund) administered by the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

Reporting Entity: As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit’s board and either (a) the primary government’s ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Based upon the required criteria, the individual nonshared proprietary fund does not have component units, nor is it a component unit of any other entity. However, because the individual nonshared proprietary fund is not legally separate from the State of Illinois (State), it is included in the financial statements of the State as a proprietary fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871, or accessing its website at www.illinoiscomptroller.gov.

The financial statements present only the Water Revolving Fund (270) administered by the Illinois Environmental Protection Agency and do not purport to, and do not, present fairly the financial position of the Illinois Environmental Protection Agency as of June 30, 2020, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation: In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows have been presented for the individual nonshared proprietary fund administered by the Agency.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of Accounting: The individual nonshared proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and entitlements. Revenue from grants, entitlements, and similar items is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents: Cash and cash equivalents consist of deposits held in the State Treasury.

Interfund Transactions: The individual nonshared proprietary fund has the following types of interfund transactions with other funds of the State:

Loans - amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds.

Services Provided and Used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund statement of net position.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. Transfers are reported after nonoperating revenues and expenses.

Restricted Assets - Loans Receivable: Under the bond agreements, the repayments of certain loans to municipalities and water districts are pledged against the bond payments. The repayments of those loans are collected in a separate trust account and are used to make bond payments.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Capital Assets: Capital assets, which include equipment, are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

The capitalization threshold and the estimated useful lives are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Equipment	\$5,000	3-25

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the Fund has two items that qualify for reporting in this category, amounts related to pensions (note 13) and amounts related to other postemployment benefits (note 14).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund has three items that qualify for reporting in this category, amounts related to pensions (note 13), amounts related to other postemployment benefits (note 14), and unearned revenue.

Compensated Absences: The liability for compensated absences reported in the individual nonshared proprietary fund consists of unpaid, accumulated vacation and sick leave balances for Agency employees. The liability has been calculated using the vesting method, in which leave amounts for employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary-related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998, capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue 12 sick days per year but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997, (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997, will be converted to service time for purposes of calculating employee pension benefits.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Pensions: In accordance with the Agency's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the proprietary fund financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Agency's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): In accordance with the Agency's adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense have been recognized in the proprietary fund financial statements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

The net OPEB liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total OPEB expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total OPEB liability, plan administrative expenses, current year benefit changes and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to OPEB assets and liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, OPEB expense, information about the fiduciary net position of plans and additions to/deductions from the plans' fiduciary net position have been determined on the same bases as they are reported within the separately issued plan financial statements. For this purpose, benefit payments are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Net Position: Equity is displayed in three components as follows:

Net Investment in Capital Assets - this consists of capital assets, net of accumulated depreciation and related debt.

Restricted - this consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, and then unrestricted resources when they are needed.

Unrestricted - this is the amount that does not meet the definition of "restricted" or "net investment in capital assets." Although the Fund reports unrestricted net position, it is to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and is to remain in the Fund.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements: Effective for the year ending June 30, 2020, the Agency adopted the following GASB statements:

Statement No. 92, *Omnibus 2020*, which is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of Statement No. 73 and Statement No. 74 to reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities and assets related to asset retirement obligations in a government acquisition, and reference to nonrecurring fair value measurements of assets and liabilities in authoritative literature. The topics within this Statement that were not effective for the Agency's fiscal year ended June 30, 2020 were, upon the Agency's adoption of GASB Statement No. 95, delayed for the Agency until the fiscal year ended June 30, 2022.

Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, which is intended to (1) increase consistency and comparability related to the reporting of fiduciary component units when a potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with reporting; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. The topics within this Statement that were not effective for the Agency's fiscal year ended June 30, 2020 are effective for the Agency's fiscal year ended June 30, 2022.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Future Adoption of New Accounting Pronouncements: Effective for the year ending June 30, 2021, the Agency will adopt the following GASB statements:

Statement No. 84, *Fiduciary Activities*, which is intended to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In addition, this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, is intended to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No. 93, *Replacement of Interbank Offered Rates*, the primary provision of which is intended to address accounting and financial reporting implications that result from the replacement of an interbank offered rate as an appropriate benchmark interest rate.

Effective for the year ending June 30, 2022, the Agency will adopt the following GASB statements:

Statement No. 87, *Leases*, which is intended to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is intended to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Effective for the year ending June 30, 2023, the Agency will adopt the following GASB statements:

Statement No. 91, *Conduit Debt Obligations*, which is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is intended to improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The Agency has not yet determined the impact of adopting these statements on its financial statements.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury.

Deposits in the custody of the State Treasurer (or in transit) at June 30, 2020, were \$177,543 thousand. Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11).

Funds held by the State Treasurer have not been categorized as to credit risk because the Agency does not own individual securities. Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
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4. Securities Lending Transaction

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During Fiscal Year 2020, Deutsche Bank AG lent U.S. Treasury and U.S. Agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during the fiscal year on the amount of the loans of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. There were no losses during the fiscal year resulting from a default of the borrowers or Deutsche Bank AG.

During the fiscal year, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the State Treasurer has allocated the assets and obligations at June 30, 2020, arising from securities lending agreements to the various funds of the State. The total allocated to the Water Revolving Fund at June 30, 2020, was \$59,938 thousand.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

5. Loans and Notes Receivable

Loans and notes receivable consist of loans made to local governments for infrastructure programs.

Each loan to a participant for an eligible project from funds in the Clean Water Program or the Drinking Water Program is evidenced by a Loan Agreement. In each Loan Agreement, the Agency agrees to make a loan in an amount up to the maximum amount provided in the Loan Agreement. Funds are disbursed to a participant only to pay eligible project costs that actually have been incurred by the participant, and the amount of a loan is generally equal to the aggregate of such disbursed amounts, although in certain instances such amount may also include capitalized interest. The actual amounts loaned to participants will generally depend upon the actual progress of construction on the related projects.

Each Loan Agreement specifies a date as of which the Project is required to initiate operation (“Operation Initiation Date”). Amortization of each Loan is required to begin no later than one year from the earlier of the Operation Initiation Date or the date identified in the Loan Agreement as the initiation of loan repayment date (“Initiation of Loan Repayment Date”). The final maturity of each loan is not later than 20 years from the earlier of the Operation Initiation Date or the Initiation of Loan Repayment Date. Each Loan Agreement permits prepayment of all or a portion of the balance of the loan, without premium. Most of the Loan Agreements provide for semi-annual principal and interest payments, with the actual dates of repayment varying from Loan Agreement to Loan Agreement, with a few Loan Agreements providing for quarterly or annual principal and interest payments.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

5. Loans and Notes Receivable (Continued)

Fixed Loan Rate: The Agency assigns to each loan a fixed loan rate at the time a loan is made to the participant. For loans financed prior to the inception of the American Recovery and Reinvestment Act (ARRA), the fixed loan rate is comprised of an interest portion and a loan support portion and is computed by using the mean interest rate of the 20-year Tax-Exempt Bonds General Obligation Bond Buyer Index, as published weekly by *The Bond Buyer*, from July 1 to June 30 of the preceding fiscal year rounded to the nearest 100th of a percent and multiplied by 50%. Those loans financed with ARRA funds bear an interest rate of 0.0%. The interest rates on the loans currently outstanding are between 0.0% and 2.91%

Security for Loans: Generally, the repayment obligations of each participant will either be (i) secured by the revenues generated by its wastewater or drinking water system or (ii) a general obligation of the participant. The Agency conducts an analysis as part of its loan review process to determine the appropriate security for a loan and upon making such determination, the participant evidences its obligation under the loan agreement and grants the security determined by the Agency by adopting a bond ordinance or resolution or similar authorization in accordance with State law. In certain instances, a participant may issue revenue bonds, general obligation bonds, or other obligations, as applicable, to evidence its repayment obligations.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

5. Loans and Notes Receivable (Continued)

Estimated repayments of the loans receivable and interest thereon, are as follows (amounts in \$000's):

<u>Year ending June 30</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 305,528	\$ 76,265	\$ 381,793
2022	302,835	75,000	377,835
2023	303,924	70,045	373,969
2024	305,571	64,930	370,501
2025	296,428	59,408	355,836
2026-2030	1,408,136	221,000	1,629,136
2031-2035	1,120,945	108,761	1,229,706
2036-2040	564,009	25,841	589,850
2041-2052	<u>57,439</u>	<u>3,101</u>	<u>60,540</u>
	<u>\$ 4,664,815</u>	<u>\$ 704,351</u>	<u>\$ 5,369,166</u>

*Repayments include planned future interest capitalization in the amount of: \$4,259 (based on actual disbursements).

Restricted Loans Receivable

At June 30, 2020, the Agency has pledged loans receivable in the amount of \$3,077,597 thousand. This amount is to finance present and future issuances of leveraged bond debt (see note 9). During the year ended June 30, 2020, the Agency received \$232,544 thousand and \$28,252 thousand pledged principal and interest, respectively, on these loans. After bond payment, any excess of the principal and interest received over the 1.2 coverage ratio is released from restriction.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

5. Loans and Notes Receivable (Continued)

Loan Commitments and Concentrations

Per the Environmental Protection Agency Procedures and Requirements for Determining Loan Priorities (35 Illinois Administrative Code, Section 366.105: Funding Allocations), loan funds available from State and Federal appropriations during the capitalization period authorized by the Clean Water Act to capitalize the Clean Water portion of the fund will be subject to an equal division between the service area of the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC) and the area which is comprised of the geographical balance of the State of Illinois, to the extent that projects in either area in any fiscal year have qualified to receive loan assistance and are ready to proceed in accordance with the criteria for loan award. The service area of MWRDGC also includes several municipalities that may receive loans directly from the fund. Any imbalance in the division of the total loan funds shall be carried forward from year to year and shall be applied as projects are able to complete a loan application to achieve an accumulatively equal distribution. Currently, 40.79% of loan funds made under the Clean Water Program have been made to MWRDGC and municipalities in its service area.

As of June 30, 2020, the outstanding balance of loans to MWRDGC amounted to \$1,004,191 thousand which exceeds 5% of total loans receivable of the fund. This represents approximately 21.56% of total loans receivable.

As of June 30, 2020, the outstanding balance of loans to the City of Chicago amounted to \$893,610 thousand which exceeds 5% of the total loans receivable of the fund. This represents approximately 19.18% of the total loans receivable.

Principal Forgiveness

As of June 30, 2020, the Federal loan commitments included ARRA federal funds of \$256,781 thousand, of which \$129,077 thousand will be forgiven. ARRA principal forgiveness loans are forgiven as disbursed but must be repaid if the recipient fails to meet ARRA requirements.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

5. Loans and Notes Receivable (Continued)

Federal grants awarded post-ARRA required additional loan principal forgiveness with the minimum and maximum requirements depending on the program. The total minimum principal forgiveness amount is \$158,692 thousand and the total maximum amount is \$456,498 thousand.

The 2020 Federal grants for both the Clean Water and Drinking Water programs had not been received as of June 30, 2020. The Clean Water principal forgiveness required under these grants will be provided through a methodology established in the rules established to manage the loan program and the Drinking Water principal forgiveness will be determined by the criteria established in the annual Intended Use Plan for that program. The Clean Water Program exceeded the maximum principal forgiveness allowed after the 2011 grant by \$11,903 thousand. This amount has been paid from the Clean Water Loan Support Program. The Drinking Water minimum has been met, except for the 2017 grant, and no issues have resulted from the maximum amount for the Drinking Water Program. The amount the Drinking Water program was short of the 2017 minimum amount was accounted for in fiscal year 2019 forgiveness awards. Following is a summary of Post-ARRA loan principal forgiveness (amounts in \$000's):

	Clean Water Program		
	<u>Minimum</u>	<u>Maximum</u>	<u>Actual</u>
2010-2016 Grant	\$ 35,880	\$ 118,457	\$ 101,783
2017 Grant	5,996	23,985	18,518
2018 Grant	7,259	29,036	28,522
2019 Grant	7,186	28,744	22,595
2020 Grant (to be issued)	7,187	29,039	
Principal forgiveness charged to Loan Support Program	-	-	11,903
Total Principal Forgiveness Post ARRA	\$ 63,508	\$ 229,261	\$ 183,321

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

5. Loans and Notes Receivable (Continued)

	Drinking Water Program		
	<u>Minimum</u>	<u>Maximum</u>	<u>Actual</u>
2010-2016 Grant	\$ 60,821	\$ 145,897	\$ 68,742
2017 Grant	6,879	17,196	17,192
2018 Grant	8,382	20,954	20,435
2019 Grant	10,794	22,834	22,730
2020 Grant (to be issued)	8,308	20,356	
Principal forgiveness charged to Loan Support Program	-	-	-
Total Principal Forgiveness Post ARRA	\$ 95,184	\$ 227,237	\$ 129,099
	Total		
	<u>Minimum</u>	<u>Maximum</u>	<u>Actual</u>
2010-2016 Grant	\$ 96,701	\$ 264,354	\$ 170,525
2017 Grant	12,875	41,181	35,710
2018 Grant	15,641	49,990	48,957
2019 Grant	17,980	51,578	45,325
2020 Grant (to be issued)	15,495	49,395	
Principal forgiveness charged to Loan Support Program	-	-	11,903
Total Principal Forgiveness Post ARRA	\$ 158,692	\$ 456,498	\$ 312,420

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6. Due from Component Unit

The amount due from component unit represents unpledged loan repayments and related interest received and held in certain trust accounts in the name of the Illinois Finance Authority (IFA) in connection with the bonds (See note 9). The unpledged loan repayments and related interest are transferred monthly to the State Treasury.

7. Interfund Balances and Transfers

Balances Due to Other Funds: The following balances at June 30, 2020, represent amounts due to other Agency and State of Illinois funds (amounts in \$000's):

Due to Central Management Services	\$ 192
Due to State Employees' Retirement System	<u>26</u>
 Total Due to Other Funds	 \$ <u>218</u>

8. Capital Assets

Capital asset activities for the year ended June 30, 2020 were as follows (amounts in \$000's):

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets being depreciated				
Equipment	\$ 380	\$ -	\$ 43	\$ 337
Less: accumulated depreciation	<u>371</u>	<u>2</u>	<u>43</u>	<u>330</u>
 Total capital assets being depreciated	 <u>\$ 9</u>	 <u>\$ (2)</u>	 <u>\$ -</u>	 <u>\$ 7</u>

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9. Long-Term Obligations

Changes in Long-Term Obligations: Changes in long-term obligations for the year ended June 30, 2020, were as follows (amounts in \$000's):

	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020	Amounts Due Within One Year
Due to Illinois Finance Authority	\$1,139,997	\$ 364,465	\$ 215,878	\$1,288,584	\$ -
Compensated absences	958	1,052	1,014	996	209
Net pension liability	59,568	-	1,429	58,139	-
Net OPEB liability	31,273	3,751	-	35,024	828
	<u>\$1,231,796</u>	<u>\$ 369,268</u>	<u>\$ 218,321</u>	<u>\$1,382,743</u>	<u>\$ 1,037</u>

Due to Illinois Finance Authority: On December 5, 2013, the Illinois Finance Authority (IFA), a nonmajor component unit of the State of Illinois, issued \$141,700 thousand State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2013 (2013 bonds), with interest rates ranging from 1.5% to 5.0%. The purpose of the 2013 bonds was to advance refund \$107,770 thousand of outstanding Series 2002 and 2004 bonds, with interest rates ranging from 3.25% to 5.5%, and to provide \$58,526 thousand of State Match required under the program's capitalization grants for the grant years 2011-2013. The net proceeds from the 2013 bond issue included \$16,875 thousand in bond premiums.

A portion of the 2013 bond proceeds was deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2002 and 2004 Series bonds. As a result, those bonds were considered to be defeased, as was the Agency's obligation to IFA for those bonds. The liability was removed from the Agency's statement of net position. The 2002 and 2004 Series bonds were repaid in their entirety during the year ended June 30, 2015.

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9. Long-Term Obligations (Continued)

On September 12, 2016, the IFA issued \$500,000 thousand of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2016 (2016 bonds), with interest rates ranging from 4.0% to 5.0%. The proceeds of the 2016 bonds (including a premium of \$91,698 thousand and less expenses of \$2,923 thousand) provided \$24,177 thousand of Clean Water State Match, \$21,218 thousand for Drinking Water State Match, \$326,017 thousand for Clean Water Loan program needs, and \$217,363 thousand for the needs of the Drinking Water Loan Program.

On September 12, 2017, the IFA issued \$560,025 thousand of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2017 (2017 bonds), with interest rates of 5%. The proceeds of the 2017 bonds (including a premium of \$104,447 thousand less expenses of \$3,117 thousand) provided \$411,355 thousand for Clean Water Loan program needs and \$250,000 thousand for Drinking Water Loan Program needs.

On April 16, 2019, the IFA issued \$450,000 thousand of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds Series 2019 (2019 bonds), with interest rates ranging from 4.0% to 5.25%. The proceeds of the 2019 bonds (including a premium of \$85,026 thousand less expenses of \$2,677 thousand) provided \$29,036 thousand for Clean Water State Match, \$16,763 thousand for Drinking Water State Match, \$225,306 thousand for Clean Water Loan program needs, and \$261,244 thousand for Drinking Water Loan Program needs.

Prior to issuance of each series of bonds, the Agency sold and assigned certain loans outstanding related to the Clean Water Program and Drinking Water Program to the IFA and pledged the loans to secure payment of the bonds. Of the total outstanding loans at June 30, 2020, \$3,077,597 thousand has been pledged for repayment of the Bonds. The bond trustee is entitled to receive all principal and interest due on these pledged loans. Any loans funded with the proceeds from the bonds are not pledged to the bond trustee and are not deemed to be pledged loans.

The State Match portion of the bonds is to be paid from the interest repayments of the pledged loans and the income derived from the investment of monies held in funds and accounts established under the bond indenture. The remaining funds are used to pay the amounts due from refinancing and any future leveraged bond sale.

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FUND 270 – WATER REVOLVING FUND**

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9. Long-Term Obligations (Continued)

After the bond payments have been made, any excess repayment funds can be released for use in the Loan Program as long as the Pledged Loan to Debt Ratio is 1.2 to 1. All funds at the Trustee are held in the name of IFA. As a result, the Water Revolving Fund has recorded an obligation to repay the outstanding balance of the bonds and other costs, adjusted for excess amounts held by IFA in certain restricted accounts, as follows (amounts in \$000's):

Bonds payable	\$	1,411,175
Accrued interest payable on bonds at June 30, 2020		34,438
Unamortized premium		196,445
Trustee fees payable		42
Deferred net loss on prior bonds refunded		<u>(76)</u>
		1,642,024
Cash and cash equivalents and accrued interest receivable held in restricted accounts at June 30, 2020		<u>(353,440)</u>
Net obligation	\$	<u><u>1,288,584</u></u>

The debt service required to be paid by IFA on the bonds is as follows (amounts in \$000's):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 87,525	\$ 67,789
2022	88,985	63,395
2023	89,965	58,971
2024	91,465	54,606
2025	92,020	50,022
2026 – 2030	446,060	184,080
2031 – 2035	371,620	80,822
2036 – 2040	142,845	12,116
2041 – 2042	<u>690</u>	<u>34</u>
	<u>\$ 1,411,175</u>	<u>\$ 571,835</u>

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10. Restricted Net Position

Portions of net position at June 30, 2020, are restricted for (amounts in \$000's):

Low interest loans to local governments, net of loans pledged for debt service	\$ 835,163
Debt service	<u>3,087,043</u>
 Total restricted net position	 <u>\$ 3,922,206</u>

Low Interest Loans: The Water Revolving Fund was created pursuant to the Clean Water Act and Safe Drinking Water Act and established to provide financial assistance in the form of loans. These funds are restricted for the purpose of making low interest loans from the Fund.

Debt Service: The amount restricted for debt service consists of loans receivable pledged and related interest receivable pursuant to the sale of revenue bonds in 2013, 2016, 2017, and 2019. (see Note 9).

11. Capitalization Grants

The Agency has entered into Capitalization Grant Agreements with the United States Environmental Protection Agency to administer the Waste Water and Drinking Water Loan Programs, jointly the Water Revolving Fund (270). Pursuant to these Capitalization Grant Agreements, \$2,085,989 thousand for Waste Water and \$857,049 thousand for Drinking Water have been made available to be drawn (pursuant to state matching requirements being met) on the Capital Grant facility at June 30, 2020, with respect to costs in connection with loans made under the Waste Water and Drinking Water Loan Programs.

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11. Capitalization Grants (Continued)

The remaining Capital Grant Facility as of June 30, 2020, is summarized below (amounts in \$000's):

	<u>Waste Water</u>	<u>Drinking Water</u>	<u>Total</u>
Total Capital Grants	\$ 2,085,989	\$ 857,049	\$ 2,943,038
Less: Cumulative drawdowns	<u>(2,085,989)</u>	<u>(855,564)</u>	<u>(2,941,553)</u>
Capital Grant Facility	<u>\$ _____ -</u>	<u>\$ 1,485</u>	<u>\$ 1,485</u>

Included in the above table are the following amounts awarded under the ARRA (amounts in \$000's):

Total ARRA grants	\$ 177,243	\$ 79,538	\$ 256,781
Less: Cumulative drawdowns	<u>(177,243)</u>	<u>(79,538)</u>	<u>(256,781)</u>
Remaining ARRA amounts to be drawn	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

12. General and Administrative Costs

The Agency is authorized to utilize up to 4% of the total Clean Water Capitalization Grants received for administration of the loan program. In order to allow the maximum amount of grant dollars for loan disbursements, the Agency currently funds administrative costs for the Clean Water Program from sources other than the grant. The Drinking Water Grant Program sets aside and restricts 4% of each grant for the administrative costs of running the program. As of June 30, 2020, the Agency had \$1,425 thousand available to fund future administration costs of the Drinking Water Program.

The Agency also charges a loan support fee. This loan support fee is used to defray program expenses and for state match on federal grants. Loan support fees are collected, deposited and held in the Water Revolving Fund. This fee cannot exceed 50% of the fixed loan rate.

The Agency is also authorized to use a portion of each capitalization grant for specific set-asides authorized under Federal statutes.

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12. General and Administrative Costs (Continued)

The Administrative Revenues and Expenses reported in the Water Revolving Fund for the year ended June 30, 2020, are as follows (amounts in \$000's):

Revenues		
Administrative grants	\$ 1,978	
Loan Support	<u>37,854</u>	
		39,832
Expenses		
Payroll and benefits	11,723	
Other general expenses	3,418	
Depreciation	<u>2</u>	
		<u>15,143</u>
Excess of revenues over expenses	<u>\$ 24,689</u>	

13. Defined Benefit Pension Plan

Plan description. Substantially all of the Agency's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate CAFR available at www.srs.illinois.gov or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255.

Benefit provisions. SERS provides retirement benefits based on the member's final average compensation and the number of years of service credit that have been established. The retirement benefit formula available to general State employees that are covered under the Federal Social Security Act is 1.67% for each year of service and for noncovered employees it is 2.2% for each year of service. The maximum retirement annuity payable is 75% of final average compensation for regular employees and 80% for alternative formula employees. The minimum monthly retirement annuity payable is \$15 for each year of covered service and \$25 for each year of noncovered service.

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13. Defined Benefit Pension Plan (Continued)

Members in SERS under the Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member’s age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2019 rate is \$114,952.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

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13. Defined Benefit Pension Plan (Continued)

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least 18 months of credited service with the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

Contributions. Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2020, this amount was \$115,929.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2020, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2020, the employer contribution rate was 54.290%. The Fund's contribution amount for fiscal year 2020 was \$4.327 million.

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13. Defined Benefit Pension Plan (Continued)

Pension liability, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. At June 30, 2020, the Fund reported a liability of \$58.139 million for its proportionate share of the State’s net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2019 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fund’s portion of the net pension liability was based on the Fund’s proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2019. As of the current year measurement date of June 30, 2019, the Fund’s proportion was 0.1741%, which was a decrease of 0.0061% from its proportion measured as of the prior year measurement date of June 30, 2018.

For the year ended June 30, 2020, the Fund recognized a negative adjustment to pension expense of \$2.459 million resulting from a change in the Fund’s proportion. At June 30, 2020, the Fund reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2019, from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 727
Changes of assumptions	1,620	839
Net difference between projected and actual investment earnings on pension plan investments	-	85
Changes in proportion	-	5,114
Fund contributions subsequent to the measurement date	4,327	-
Total	<u>\$ 5,947</u>	<u>\$ 6,765</u>

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13. Defined Benefit Pension Plan (Continued)

\$4.327 million reported as deferred outflows of resources related to pensions resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,	
2021	\$ (2,084)
2022	(2,146)
2023	(734)
2024	(181)
Thereafter	-
Total	\$ (5,145)

Actuarial methods and assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%

Investment Rate of Return: 6.75%, net of pension plan investment expense, including inflation.

Projected salary increases: 2.75% - 7.17%, salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lesser of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2019 valuation pursuant to an experience study of the period July 1, 2015 – June 2018.

Mortality: Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018.

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13. Defined Benefit Pension Plan (Continued)

The actuarial assumptions used to calculate the total pension liability as of the current year measurement date are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date except for the following:

The rate of inflation decreased from 2.50% to 2.25%.

The investment rate of return decreased from 7.00% to 6.75%.

The projected salary increase range changed from 3.00% - 7.42% to 2.75% - 7.17%.

The retirement age experience study was updated to July 2015 – June 2018.

The mortality rate was updated from using the 105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added.

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13. Defined Benefit Pension Plan (Continued)

The long-term expected real rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan’s target asset allocation, calculated as of the measurement date of June 30, 2019, the best estimates of geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S equity	23.0%	4.80%
Developed Foreign Equity	13.0%	4.60%
Emerging Market Equity	8.0%	6.90%
Private Equity	7.0%	6.80%
Intermediate Investment Grade Bonds	14.0%	0.70%
Long-term Government Bonds	4.0%	1.00%
TIPS	4.0%	0.80%
High Yield and Bank Loans	5.0%	2.70%
Opportunistic Debt	8.0%	4.20%
Emerging Market Debt	2.0%	2.70%
Real Estate	10.0%	4.40%
Infrastructure	2.0%	4.10%
Total	<u>100%</u>	

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13. Defined Benefit Pension Plan (Continued)

Discount rate. A discount rate of 6.47% was used to measure the total pension liability as of the measurement date of June 30, 2019 as compared to a discount rate of 6.81% used to measure the total pension liability as of the prior year measurement date. The June 30, 2019 single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.13%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan’s fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the net pension liability to changes in the discount rate. The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease 5.47%	Discount Rate 6.47%	1% Increase 7.47%
Fund's proportionate share of the net pension liability	\$ 70,312	\$ 58,139	\$ 48,130

Payables to the pension plan. At June 30, 2020, the Fund reported a payable of \$26 thousand to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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14. Other Post-employment Benefits (OPEB)

Plan description. The State Employees Group Insurance Act of 1971 (“Act”), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Agency’s full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees’ Retirement System of Illinois (“SERS”), Teachers’ Retirement System (TRS), and State Universities Retirement System of Illinois (“SURS”) are eligible for these other post-employment benefits (OPEB). The eligibility provisions for each of the retirement systems are defined within Note 13 Defined Pension Plan. Certain TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees, and members with certain reciprocal service.

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits provided. The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State’s and the university component units’ employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$5,000.

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For the Year Ended June 30, 2020**

14. Other Post-employment Benefits (Continued)

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2020, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,681.04 (\$6,703.92 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$14,959.44 (\$5,592.24 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The total OPEB liability, as reported at June 30, 2020, was measured as of June 30, 2019, with an actuarial valuation as of June 30, 2018. At June 30, 2020, the Fund recorded a liability of \$35.024 million for its proportionate share of the State's total OPEB liability. The Fund's portion of the OPEB liability was based on the Fund's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2019. As of the current year measurement date of June 30, 2019, the Fund's proportion was 0.0798%, which was an increase of 0.0018% from its proportion measured as of the prior year measurement date of June 30, 2018.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

14. Other Post-employment Benefits (Continued)

The Fund recognized a negative OPEB expense for the year ended June 30, 2020, of \$2.318 million. At June 30, 2020, the Fund reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2019, from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50	\$ 534
Changes of assumptions	1,218	2,161
Changes in proportion and differences between employer contributions and proportionate share of contributions	649	8,423
Fund contributions subsequent to the measurement date	<u>828</u>	<u>-</u>
Total	<u><u>\$ 2,745</u></u>	<u><u>\$ 11,118</u></u>

The amounts reported as deferred outflows of resources related to OPEB resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30,	
2021	\$ (3,685)
2022	(3,685)
2023	(2,166)
2024	268
2025	<u>67</u>
Total	<u><u>\$ (9,201)</u></u>

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

14. Other Post-employment Benefits (Continued)

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2018, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2018.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Projected Salary Increases*	2.75% - 12.25%
Discount Rate	3.13%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.00% grading down 0.50% in the first year to 7.50%, then grading down 0.11% in the second year to 7.39%, followed by grading down of 0.50% per year over 5 years to 4.89% in year 7
Medical (Post-Medicare)	9.00% grading down 0.50% per year over 9 years to 4.50%
Dental	6.00% grading down 0.50% per year over 3 years to 4.50%
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2018 and 2019 are based on actual premiums. Premiums after 2019 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.	

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

14. Other Post-employment Benefits (Continued)

Since the last measurement date on June 30, 2019, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. On December 20, 2019, the *Further Consolidated Appropriations Act, 2020* (Public Law 116-94) was signed into law repealing the federal excise taxes of 40% on total employer premium spending in excess of specified dollar amounts, also known as the "Cadillac Tax." The impact of this repeal to the State's financial statements, which could be significant, is not known at this time.

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2018 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study[^]	Mortality^{^^}
GARS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
JRS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2012 - June 2015	105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
TRS	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants

[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

^{^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

14. Other Post-employment Benefits (Continued)

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.62% at June 30, 2018, and 3.13% at June 30, 2019, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the plan’s total OPEB liability, calculated using a Single Discount Rate of 3.13%, as well as what the plan’s total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.13%) or lower (2.13%) than the current rate (amounts expressed in thousands):

	1% Decrease (2.13%)	Current Single Discount Rate Assumption (3.13%)	1% Increase (4.13%)
Fund’s proportionate share of total OPEB liability	\$ 41,249	\$ 35,024	\$ 30,043

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.89% in 2027, for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2029 for Medicare coverage.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Fund’s proportionate share of total OPEB liability	\$ 29,367	\$ 35,024	\$ 42,349

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 – WATER REVOLVING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

15. Contingencies

The Agency is involved in a number of legal proceedings and claims covering a wide range of matters. The ultimate results of these lawsuits and other proceedings against the Agency cannot be predicted with certainty; however, the Agency does not expect such matters to have a material effect on the financial position of Water Revolving Fund.

16. Coronavirus Pandemic Implications

In December 2019, a novel strain of coronavirus (COVID-19) surfaced and spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The United States and the State of Illinois declared a state of emergency in March 2020. The June 30, 2020 financial statements reflect the known financial impact of the COVID-19 outbreak and related stay at home orders for Fiscal Year 2020. The Agency anticipates continued impact to its financial position and continues to monitor and evaluate the situation. The extent to which the coronavirus may impact financial activity will depend on future developments, which are highly uncertain and cannot be predicted. New information continues to emerge concerning the severity of the coronavirus and the actions required to contain or treat it, potentially impacting operations and program management.

17. Subsequent Event

The Agency is not aware of any facts, decisions, or conditions that might be expected to have a significant impact on the financial position or results of operations during this and future fiscal years.

SUPPLEMENTARY INFORMATION

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND

COMBINING STATEMENT OF NET POSITION BY PROGRAM

June 30, 2020
(amounts in \$000's)

	Drinking Water	Waste Water	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 63,539	\$ 114,004	\$ 177,543
Securities lending collateral equity with State Treasurer	19,660	40,278	59,938
Loans and notes receivable	4,025	89,171	93,196
Other receivables	3,099	13,913	17,012
Due from federal government	582	-	582
Due from component unit	1,224	10,053	11,277
Restricted assets - accrued interest receivable	3,816	5,630	9,446
Restricted assets - loans receivable	79,536	133,025	212,561
Prepaid expenses	3	7	10
Total current assets	<u>175,484</u>	<u>406,081</u>	<u>581,565</u>
Noncurrent assets			
Loans and notes receivable, net of current portion	109,043	1,380,288	1,489,331
Restricted assets - loans receivable	1,219,914	1,645,122	2,865,036
Capital assets, net of accumulated depreciation	-	7	7
Total noncurrent assets	<u>1,328,957</u>	<u>3,025,417</u>	<u>4,354,374</u>
TOTAL ASSETS	<u>1,504,441</u>	<u>3,431,498</u>	<u>4,935,939</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on pension liability	961	4,986	5,947
Deferred amount on OPEB liability	444	2,301	2,745
Total deferred outflows of resources	<u>1,405</u>	<u>7,287</u>	<u>8,692</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,505,846</u>	<u>3,438,785</u>	<u>4,944,631</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	215	143	358
Due to component units	57	25	82
Due to federal government	1	21	22
Due to other funds	53	165	218
Obligations under securities lending of State Treasurer	19,660	40,278	59,938
Total OPEB liability	134	694	828
Compensated absences	34	175	209
Total current liabilities	<u>20,154</u>	<u>41,501</u>	<u>61,655</u>
Noncurrent liabilities			
Long-term obligations	531,448	757,136	1,288,584
Compensated absences	127	660	787
Net pension liability	9,395	48,744	58,139
Total OPEB liability	5,526	28,670	34,196
Total noncurrent liabilities	<u>546,496</u>	<u>835,210</u>	<u>1,381,706</u>
TOTAL LIABILITIES	<u>566,650</u>	<u>876,711</u>	<u>1,443,361</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on pension liability	1,093	5,672	6,765
Deferred amount on OPEB liability	1,797	9,321	11,118
Unearned revenue	-	58	58
Total deferred inflows of resources	<u>2,890</u>	<u>15,051</u>	<u>17,941</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>569,540</u>	<u>891,762</u>	<u>1,461,302</u>
NET POSITION			
Net investment in capital assets	-	7	7
Restricted for:			
Debt service	1,303,266	1,783,777	3,087,043
Other purposes	-	835,163	835,163
Unrestricted (deficit)	(366,960)	(71,924)	(438,884)
TOTAL NET POSITION	<u>\$ 936,306</u>	<u>\$ 2,547,023</u>	<u>\$ 3,483,329</u>

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM

**For the Year Ended June 30, 2020
(amounts in \$000's)**

	<u>Drinking Water</u>	<u>Waste Water</u>	<u>Subtotal</u>
OPERATING REVENUES			
Interest income on loans - unpledged	\$ 13,920	\$ 41,033	\$ 54,953
Interest income on loans - pledged	10,870	15,111	25,981
Total operating revenues	<u>24,790</u>	<u>56,144</u>	<u>80,934</u>
OPERATING EXPENSES			
General and administrative	(1,171)	16,312	15,141
Principal forgiveness	27,613	36,821	64,434
Depreciation	-	2	2
Total operating expenses	<u>26,442</u>	<u>53,135</u>	<u>79,577</u>
OPERATING INCOME	<u>(1,652)</u>	<u>3,009</u>	<u>1,357</u>
NONOPERATING REVENUES			
Interest and investment income	(35)	1,673	1,638
Federal government	42,120	71,815	113,935
Total nonoperating revenues	<u>42,085</u>	<u>73,488</u>	<u>115,573</u>
NONOPERATING EXPENSES			
Interest	12,405	17,225	29,630
Other nonoperating expenses	102	98	200
Total nonoperating expenses	<u>12,507</u>	<u>17,323</u>	<u>29,830</u>
TRANSFERS			
Transfers-in	5,000	-	5,000
Transfers-out	-	(5,000)	(5,000)
Total transfers	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>32,926</u>	<u>54,174</u>	<u>87,100</u>
NET POSITION, BEGINNING OF YEAR	<u>903,380</u>	<u>2,492,849</u>	<u>3,396,229</u>
NET POSITION, END OF YEAR	<u>\$ 936,306</u>	<u>\$ 2,547,023</u>	<u>\$ 3,483,329</u>

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION AGENCY
FUND 270 - WATER REVOLVING FUND
INDIVIDUAL NONSHARED PROPRIETARY FUND**

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For the Year Ended June 30, 2020

(amounts in \$000's)

	<u>Drinking Water</u>	<u>Waste Water</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to employees for services	\$ (3,326)	\$ (12,984)	\$ (16,310)
Cash payments to internal service providers	(440)	(2,282)	(2,722)
Other payments	(802)	(555)	(1,357)
Net cash used in operating activities	<u>(4,568)</u>	<u>(15,821)</u>	<u>(20,389)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	41,708	71,731	113,439
Operating grants paid	-	(70)	(70)
Transfers	5,000	(5,000)	-
Proceeds from revenue bonds, net of underwriter's discount	162,806	214,950	377,756
Net cash provided by noncapital financing activities	<u>209,514</u>	<u>281,611</u>	<u>491,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment income	12,181	37,206	49,387
Loans disbursed to governmental units	(196,027)	(361,371)	(557,398)
Loans repaid by governmental units	3,286	103,807	107,093
Net cash used in investing activities	<u>(180,560)</u>	<u>(220,358)</u>	<u>(400,918)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,386	45,432	69,818
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>39,153</u>	<u>68,572</u>	<u>107,725</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 63,539</u>	<u>\$ 114,004</u>	<u>\$ 177,543</u>
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ (1,652)	\$ 3,009	1,357
Adjustments to reconcile operating income to net cash used in operating activities:			
Depreciation expense	-	2	2
Principal forgiveness	27,613	36,821	64,434
In-kind expense	11	11	22
Interest income	(24,790)	(56,144)	(80,934)
Change in assets and liabilities			
(Increase) decrease in prepaid expenses	2	5	7
(Increase) decrease in deferred outflows of resources	269	(871)	(602)
Increase (decrease) in accounts payable and accrued liabilities	49	(274)	(225)
Increase (decrease) in due to component units	(33)	(31)	(64)
Increase (decrease) in intergovernmental payables	(7)	(115)	(122)
Increase (decrease) in due to other funds	(67)	(116)	(183)
Increase (decrease) in unearned revenues	-	58	58
Increase (decrease) in other liabilities	(57)	95	38
Increase (decrease) in net pension liability	(2,936)	1,507	(1,429)
Increase (decrease) in net OPEB liability	(813)	4,564	3,751
Increase (decrease) in deferred inflows of resources	(2,157)	(4,342)	(6,499)
Net cash used in operating activities	<u>\$ (4,568)</u>	<u>\$ (15,821)</u>	<u>\$ (20,389)</u>
Noncash investing, capital, and financing activities			
Loan repayments held at Trustee	\$ 77,354	\$ 157,866	\$ 235,220

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[Date of Issuance of Series 2020 Bonds]

The Members of the
Illinois Finance Authority

Dear Members:

We have examined a record of proceedings relating to the issuance of \$500,000,000 aggregate principal amount of State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (Green Bonds) (the “Bonds”) of the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the “Authority”) duly organized and existing under the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501 (the “Act”). The Bonds are authorized and issued under and pursuant to the Act, and by virtue of Resolution 2020-1110-DA03, adopted by the members of the Authority on November 10, 2020 (the “Bond Resolution”). The Bonds are issued and secured under the Master Trust Agreement dated as of November 1, 2013, as heretofore amended and supplemented (the “Master Trust Agreement”), by and between the Authority and Amalgamated Bank of Chicago, as master trustee (the “Master Trustee”), as further supplemented by the Fifth Supplemental Master Trust Agreement dated as of December 1, 2020 (the “Fifth Supplemental Master Trust Agreement”), by and between the Authority and the Master Trustee.

Pursuant to the Master Trust Agreement, the Authority has heretofore issued four series of its State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, which are outstanding in the aggregate principal amount of \$1,367,685,000 (the “Outstanding Bonds”). The Bonds, the Outstanding Bonds and all other Additional Indebtedness (as defined in the Master Trust Agreement) hereafter issued or incurred under the Master Trust Agreement are ratably and equally entitled to the benefits and security of the Master Trust Agreement, including the pledge of the Master Trust Estate under the Master Trust Agreement. The Master Trust Estate includes all Pledged Agreements (as defined in the Master Trust Agreement) which may from time to time be assigned to and held by the Master Trustee under the terms of the Master Trust Agreement (other than Loan Support Fees due under the Pledged Agreements) subject to the application of Revenues (as defined in the Master Trust Agreement) and the administration of the Pledged Agreements, in accordance with the provisions of the Master Trust Agreement.

The Act provides that the Bonds are not, and shall not be or become, an indebtedness or obligation of the State of Illinois within the purview of any constitutional limitation or provision. The Authority has no taxing power.

The Bonds are dated December 30, 2020 and bear interest from their date payable on July 1, 2021, and semiannually thereafter on each January 1 and July 1. The Bonds mature on the following maturity dates in the respective principal amount set opposite each such maturity date

in the following table and bear interest at the respective rate of interest per annum set forth opposite such principal amount:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2021	\$ 3,475,000	5.00%
January 1, 2022	5,980,000	5.00
July 1, 2022	6,360,000	5.00
January 1, 2023	7,135,000	5.00
July 1, 2023	7,700,000	5.00
January 1, 2024	8,385,000	5.00
July 1, 2024	8,880,000	5.00
January 1, 2025	8,430,000	5.00
July 1, 2025	8,860,000	5.00
January 1, 2026	10,180,000	5.00
July 1, 2026	10,660,000	5.00
January 1, 2027	11,120,000	5.00
July 1, 2027	11,750,000	5.00
January 1, 2028	12,560,000	5.00
July 1, 2028	13,040,000	5.00
January 1, 2029	13,180,000	5.00
July 1, 2029	14,025,000	5.00
January 1, 2030	14,630,000	5.00
July 1, 2030	15,170,000	5.00
January 1, 2031	15,600,000	5.00
July 1, 2031	14,395,000	5.00
January 1, 2032	12,800,000	4.00
July 1, 2032	11,540,000	4.00
January 1, 2033	12,380,000	4.00
July 1, 2033	13,540,000	4.00
July 1, 2034	29,520,000	5.00
July 1, 2035	20,365,000	5.00
July 1, 2035	10,745,000	4.00
July 1, 2036	31,660,000	5.00
July 1, 2037	36,925,000	4.00
July 1, 2038	43,455,000	4.00
July 1, 2039	29,465,000	4.00
July 1, 2040	16,610,000	4.00
July 1, 2041	9,480,000	4.00

Bonds maturing on July 1 of the years 2034 to 2041, both inclusive, are subject to mandatory redemption, in part and by lot, at a redemption price of par, on the January 1 next preceding the maturity date of such Bonds, by the application of a sinking fund installment for each such maturity in the respective principal amount set forth in the Fifth Supplemental Master Trust Agreement.

The Bonds are subject to pro-rata extraordinary mandatory redemption in such principal amounts as may be required to maintain the tax-exempt status of the interest on the Bonds in accordance with Section 149(f) of the Internal Revenue Code of 1986 (the “Code”), on March 15, 2022 and on March 15, 2024, at the applicable redemption prices set forth in the Fifth Supplemental Master Trust Agreement.

The Bonds maturing on or after July 1, 2031 are subject to redemption prior to maturity at the option of the Authority, in such principal amounts and from such maturities as the Authority shall determine and within any maturity by lot, on any date on or after January 1, 2031, at a redemption price of par plus accrued interest to the date fixed for redemption.

Based upon our examination of said record of proceedings, we are of the opinion that:

1. The Authority had and has all requisite power and authority under the Constitution and the laws of the State of Illinois to adopt the Bond Resolution, to enter into the Master Trust Agreement and the Fifth Supplemental Master Trust Agreement, to issue the Bonds thereunder, and to perform all of its obligations under the Bond Resolution, the Master Trust Agreement and the Fifth Supplemental Master Trust Agreement.

2. The Bond Resolution has been duly adopted by the members of the Authority and is in full force and effect.

3. The Master Trust Agreement and the Fifth Supplemental Master Trust Agreement have been duly authorized, executed and delivered by the Authority and constitute valid and binding contractual obligations of the Authority enforceable in accordance with their terms.

4. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the Authority payable from Revenues, are entitled to the benefits and security of the Master Trust Agreement and the Fifth Supplemental Master Trust Agreement, and are enforceable in accordance with their terms.

5. The Bonds, the Outstanding Bonds and all Additional Indebtedness are ratably and equally secured under the Master Trust Agreement by the pledges and assignments created by the Master Trust Agreement, including the pledge of the Master Trust Estate. The Master Trust Agreement creates a valid pledge of and lien on the Master Trust Estate for the benefit and security of the Bonds, the Outstanding Bonds and all Additional Indebtedness, subject to the application of the Revenues and the administration of the Master Trust Estate in accordance with the terms of the Master Trust Agreement, including periodic withdrawals of Pledged Agreements and moneys free from the lien of the Master Trust Agreement.

6. Interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Code, interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Interest on

the Bonds does not constitute an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The Authority has covenanted in the Master Trust Agreement to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Master Trust Agreement and the Fifth Supplemental Master Trust Agreement (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by the Illinois Finance Authority (the “*Authority*”) in connection with the issuance of the Authority’s \$500,000,000 State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (the “*Bonds*”). The Bonds are being issued under and pursuant to a Master Trust Agreement dated as of November 1, 2013, as heretofore supplemented and amended (the “*Master Trust Agreement*”) between the Authority and Amalgamated Bank of Chicago, an Illinois banking corporation, as master trustee (the “*Master Trustee*”), as further supplemented by a Fifth Supplemental Master Trust Agreement dated as of December 1, 2020 (the “*Fifth Supplemental Master Trust Agreement*”), between the Authority and the Master Trustee.

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the beneficial owners thereof, the Authority covenants and agrees as follows:

Section 1. Purpose of This Agreement. This Agreement is executed and delivered by the Authority as of the date set forth below, for the benefit of the beneficial owners of the Bonds for the purpose of providing certain information annually and to provide notice of certain events to the MSRB (defined below) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Agency*” means the Illinois Environmental Protection Agency.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the Water Revolving Fund of the State of Illinois prepared in accordance with accounting principles generally accepted in the United States of America as in effect from time to time and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Final Official Statement*” means the final Official Statement dated December 15, 2020 relating to the Bonds.

“*Financial Obligation*” of the Authority means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii), *provided*, that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*MOA*” means the Memorandum of Agreement dated as of November 1, 2013 by and between the Authority and the Agency, as amended by the First Amendment to Memorandum of Agreement dated as of June 30, 2014, the Second Amendment to Memorandum of Agreement dated as of September 1, 2016, the Third Amendment to Memorandum of Agreement dated as of April 1, 2017, the Fourth Amendment to Memorandum of Agreement dated as of September 1, 2017, the Fifth Amendment to Memorandum of Agreement dated as of April 1, 2019, and the Sixth Amendment to Memorandum of Agreement dated as of December 1, 2020, and as the same may be hereafter from time to time further supplemented and amended in accordance with its terms.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*MWRD*” means the Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois.

“*Obligated Participant*” means a Participant determined in accordance with Section 11 of this Agreement to be a Participant which as of the end of a Fiscal Year of the Agency had a loan or loans outstanding and pledged to secure the Authority’s bonds issued on behalf of the Agency in an aggregate principal amount equal to or greater than 20 percent of the aggregate amount of all outstanding Participants’ loans which are pledged to secure the Authority’s bonds issued on behalf of the Agency.

“*Participant*” means a unit of local government receiving a loan from the Agency to finance the construction of wastewater treatment works or drinking water facilities.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the events set forth in *Exhibit II*.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Illinois.

“*Undertaking*” means the obligations of the Authority pursuant to Sections 4 and 5.

Section 3. CUSIP Numbers. The CUSIP Numbers of the Bonds are as set forth in *Exhibit III*.

Section 4. Annual Financial Information Disclosure. In accordance with the MOA, the Agency is obligated to deliver the Annual Financial Information and the Audited Financial Statements to

the Authority and, if applicable, the Dissemination Agent, in sufficient time to permit the Authority to comply with the provisions of this section. Subject to Section 9 of this Agreement, the Authority hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements in electronic format (in the form and by the dates set forth in *Exhibit I* hereto) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The Authority is required to deliver such information in such manner and by such time so that the MSRB receives the information by the dates specified in *Exhibit I*. Pursuant to MSRB Rule G-32, all EMMA filings by the Authority shall be in word-searchable PDF format. This requirement extends to all documents filed within EMMA, including financial statements and other externally prepared reports.

The Authority may satisfy its obligations under this Section by reference to the extent the Annual Financial Information or the Audited Financial Statements have previously been disseminated to EMMA by the Agency or the State.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Authority shall disseminate a statement to such effect as part of the Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Reportable Events Disclosure. Subject to Section 9 of this Agreement, the Authority hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of the Reportable Event) Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery to such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the bondholders pursuant to the Fifth Supplemental Master Trust Agreement.

Section 6. Duty to Update the Procedures. The Authority shall determine, in the manner it deems appropriate, the proper procedures for disseminating such information required to be disseminated under the Rules each time it is required to file such information with EMMA.

Section 7. Consequences of Failure of the Authority to Provide Information. The Authority shall give notice in a timely manner to the Agency and to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder. In the event of a failure of the Authority to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order to the cause the Authority to comply with its obligations under this Agreement. Any court action to enforce this Agreement must be commenced in the Circuit Court of Cook County, Illinois.

A default under this Agreement shall not be deemed an event of default under the Master Trust Agreement or the Fifth Supplemental Master Trust Agreement with respect to the Bonds, and the sole

remedy in the event of any failure of the Authority to comply with this Agreement shall be an action to compel performance. A failure by the Authority to comply with this Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Authority may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority or the Agency, or type of business conducted;
- (b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the Authority (such as the Master Trustee or bond counsel), or by the approving vote of the owners of the Bonds pursuant to the terms of the Master Trust Agreement at the time of the amendment; or
- (d) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of the Authority shall be terminated hereunder if the Authority no longer has any legal liability for any obligation on or relating to repayment of the Bonds under the Master Trustee Agreement and the Fifth Supplemental Master Trust Agreement. If this Section is applicable, the Authority shall give notice in a timely manner to EMMA.

Section 10. Future Changes to the Rule. As set forth in Section 1 of this Agreement, the Authority has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Authority shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 8 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the Authority shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

Section 11. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 12. Obligated Participants. As of the date of execution and delivery of this Agreement, MWRD is the only Obligated Participant and MWRD has delivered to the Authority executed continuing disclosure undertakings in substantially the form described in the Final Official Statement. In accordance with the MOA, the Agency has agreed to promptly provide the Authority and, if applicable, the Dissemination Agent, with any and all information required for the Authority to confirm the determination of Obligated Participants described below, to include in its loan agreements with Participants a provision obligating each Obligated Participant to enter into a continuing disclosure undertaking as described below

and to compel each Obligated Participant, if necessary, to provide the information required under its continuing disclosure undertaking and to provide a certification to the Authority of the termination of the continuing disclosure agreement of an Obligated Participant with respect to the Bonds upon the occurrence of such a termination.

By December 31 of each year, commencing on December 31, 2019, the Agency shall determine, and the Authority agrees to confirm such determination, as to whether any Participant is an Obligated Participant. Each Obligated Participant shall remain an Obligated Participant for so long as its loan from the Agency is outstanding and is pledged to secure the Authority's bonds issued on behalf of the Agency. Upon receipt of certification from the Agency that any Obligated Participant's continuing disclosure agreement has terminated because such Obligated Participant has ceased to have any loans outstanding and pledged to secure the Authority's bonds, the Authority shall give notice of such termination to EMMA in a timely manner. As to any Obligated Participant, the Authority agrees to require any such Obligated Participant to enter into a continuing disclosure undertaking, in a form which, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Authority, complies with the requirements of the Rule.

Section 13. Additional Information. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Authority chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 14. Beneficiaries. This Agreement has been executed to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Authority and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 15. Recordkeeping. The Authority shall maintain records of all Annual Financial Information Disclosure and Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 16. Assignment. The Authority shall not transfer its obligations under the Master Trust Agreement and the Fifth Supplemental Master Trust Agreement unless the transferee agrees to assume all obligations of the Authority under this Agreement or to execute a similar agreement obligating such transferee to comply with the provisions of the Rule.

Section 17. Governing Law. This Agreement shall be governed by the internal laws of the State of Illinois.

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ILLINOIS FINANCE AUTHORITY

By: _____

Name: Christopher Meister

Its: Executive Director

Date: December 30, 2020

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND
AUDITED FINANCIAL STATEMENTS

Annual Financial Information includes the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements (as set forth below) may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to EMMA or filed with the Commission. The Authority shall clearly identify each such item of information included by reference.

“Annual Financial Information” means financial information and operating data consisting of the information of the type contained in the Final Official Statement in the tables under the headings “PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Projected Debt Service Coverage for the Bonds” and “—Characteristics of Currently Pledged Agreements” (which shall be updated to provide information describing the characteristics of the Pledged Agreements then securing the Bonds). In preparing future updates of information of the type contained in the Official Statement under the heading “PROJECTED CASH FLOW AND DEBT SERVICE TABLE—Projected Debt Service Coverage for the Bonds,” the Authority may elect to present such information on such annual basis as it shall determine rather than the semi-annual basis presented in the Final Official Statement.

Annual Financial Information will be submitted to EMMA not more than 180 days after the last day of the Authority’s Fiscal Year which is June 30th of each calendar year.

The Audited Financial Statements will be prepared according to accounting principles generally accepted in the United States of America and subject to any express requirements of State law. The Audited Financial Statements will be submitted by the Authority to EMMA within 30 days after receipt from the Agency.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, the Authority will disseminate a notice of such change as required by Section 4 herein.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material.
9. Tender offers.
10. Defeasances, release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy insolvency, receivership or similar event of the Authority (such an Event will be considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if the jurisdiction of the Authority has been assumed by leaving the Authority and the Authority's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority).
13. Merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the Authority's assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Notices of failures to provide annual financial information on or before the date specified in the Continuing Disclosure Undertaking.
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
16. Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Authority, any of which reflect financial difficulties

**EXHIBIT III
CUSIP NUMBERS**

MATURITY DATE	INTEREST RATE	CUSIP BASE: 45204F
7/1/2021	5.000%	ES0
1/1/2022	5.000	ET8
7/1/2022	5.000	EU5
1/1/2023	5.000	EV3
7/1/2023	5.000	EW1
1/1/2024	5.000	EX9
7/1/2024	5.000	EY7
1/1/2025	5.000	EZ4
7/1/2025	5.000	FA8
1/1/2026	5.000	FB6
7/1/2026	5.000	FC4
1/1/2027	5.000	FD2
7/1/2027	5.000	FE0
1/1/2028	5.000	FF7
7/1/2028	5.000	FG5
1/1/2029	5.000	FH3
7/1/2029	5.000	FJ9
1/1/2030	5.000	FK6
7/1/2030	5.000	FL4
1/1/2031	5.000	FM2
7/1/2031	5.000	FN0
1/1/2032	4.000	FP5
7/1/2032	4.000	FQ3
1/1/2033	4.000	FR1
7/1/2033	4.000	FS9
7/1/2034	5.000	FT7
7/1/2035	5.000	FU4
7/1/2035	4.000	FV2
7/1/2036	5.000	FW0
7/1/2037	4.000	FX8
7/1/2038	4.000	FY6
7/1/2039	4.000	FZ3
7/1/2040	4.000	GA7
7/1/2041	4.000	GB5

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APPENDIX E

FORM OF OBLIGATED PARTICIPANT CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by _____ (the “*Participant*”) in connection with the issuance by the Illinois Finance Authority (the “*Authority*”) of its \$500,000,000 State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (the “*Bonds*”). The Bonds are being issued under and pursuant to a Master Trust Agreement dated as of November 1, 2013, as heretofore supplemented and amended (the “*Master Trust Agreement*”) between the Authority and Amalgamated Bank of Chicago, an Illinois banking corporation, as master trustee (the “*Master Trustee*”), as further supplemented by a Fifth Supplemental Master Trust Agreement dated as of December 1, 2020 (the “*Fifth Supplemental Master Trust Agreement*”), between the Authority and the Master Trustee.

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the beneficial owners thereof, the Participant covenants and agrees as follows:

Section 1. Purpose of This Agreement. This Agreement is executed and delivered by the Participant as of the date set forth below, for the benefit of the beneficial owners of the Bonds for the purpose of providing certain information annually and to provide notice of certain events to the MSRB (defined below) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Agency*” means the Illinois Environmental Protection Agency.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited general purpose financial statements of the Participant prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Participant and which has filed with the Participant a written acceptance of such designation.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Obligation*” of the Participant means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii), *provided*, that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Final Official Statement*” means the final Official Statement dated December 15, 2020 relating to the Bonds.

“*Loan*” means the loan or loans of a portion of the proceeds of the Bonds to the Participant by the Agency to finance eligible wastewater treatment and sanitary sewage facilities or drinking water facilities.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the events set forth in *Exhibit II*.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*Undertaking*” means the obligations of the Participant pursuant to Sections 4 and 5.

Section 3. CUSIP Numbers. The CUSIP Numbers of the Bonds are as set forth in *Exhibit III*.

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, the Participant hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements in electronic format (in the form and by the dates set forth in *Exhibit I* hereto) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The Participant is required to deliver such information in such manner and by such time so that the MSRB receives the information by the dates specified in *Exhibit I*. Pursuant to MSRB Rule G-32, all EMMA filings by the Participant shall be in word-searchable PDF format. This requirement extends to all documents filed within EMMA, including financial statements and other externally prepared reports.

The Participant may satisfy its obligations under this Section to the extent its Annual Financial Information and its Audited Financial Statements have previously been disseminated to EMMA in fulfillment of its obligations under a separate continuing disclosure undertaking by reference to such separate continuing disclosure undertaking in a filing made thereunder. If the Participant satisfies such obligations by such a reference, the Participant will provide the Authority with the six-digit base CUSIP Number related to such referenced filing.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Participant shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Reportable Events Disclosure. Subject to Section 9 of this Agreement, the Participant hereby covenants that it will disseminate in a timely manner (not in excess of (10) business days after the occurrence of the Reportable Event) an Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery to such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the bondholders pursuant to the Fifth Supplemental Master Trust Agreement.

Section 6. Duty to Update the Procedures. The Participant shall determine, in the manner it deems appropriate, the proper procedures for disseminating such information required to be disseminated under the Rules each time it is required to file such information with EMMA.

Section 7. Consequences of Failure of the Participant to Provide Information. The Participant shall give notice in a timely manner to the EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder. In the event of a failure of the Participant to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order to the cause the Participant to comply with its obligations under this Agreement. Any court action to enforce this Agreement must be commenced in the Circuit Court of Cook County, Illinois.

A default under this Agreement shall not be deemed an event of default under the Master Trust Agreement or the Fifth Supplemental Master Trust Agreement with respect to the Bonds, and the sole remedy in the event of any failure of the Participant to comply with this Agreement shall be an action to compel performance. A failure by the Participant to comply with this Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Participant may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Participant or the Agency, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the Participant (such as the Master Trustee or bond counsel), or by the approving vote of the owners of the Bonds pursuant to the terms of the Master Trust Agreement at the time of the amendment; or

(d) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Agreement of the Participant shall be terminated hereunder if no Loans of the Participant are pledged to secure the Bonds. If this Section is applicable, the Participant understands that the Authority shall give notice of such termination to EMMA pursuant to the Continuing Disclosure Agreement entered into by the Authority with respect to the Bonds.

Section 10. Future Changes to the Rule. As set forth in Section 1 of this Agreement, the Participant has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Participant shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 8 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the Participant shall file a copy of this Agreement, as revised, on EMMA in a timely manner and shall provide notice of such modification to the Authority not less than 10 days prior to the effective date thereof.

Section 11. Dissemination Agent. The Participant may, from time to time, at its expense, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 12. Additional Information. Nothing in this Agreement shall be deemed to prevent the Participant from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Participant chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Participant shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 13. Beneficiaries. This Agreement has been executed to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Participant and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 14. Recordkeeping. The Participant shall maintain records of all Annual Financial Information Disclosure and Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 15. Assignment. The Participant shall not transfer its obligations under the Master Trust Agreement and the Fifth Supplemental Master Trust Agreement unless the transferee agrees to assume all obligations of the Participant under this Agreement or to execute a similar agreement obligating such transferee to comply with the provisions of the Rule.

Section 16. Governing Law. This Agreement shall be governed by the internal laws of the State of Illinois.

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By: _____
Name: _____
Its: _____

Date: _____, 20____

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

Annual Financial Information includes the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements (as set forth below) may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to EMMA or filed with the Commission. The Participant shall clearly identify each such item of information included by reference.

“*Annual Financial Information*” means financial information and operating data of the Participant consisting of the following information:

[operating revenues and expenses of the wastewater treatment and sanitary sewage facilities or drinking water facilities financed by the Loan and/or property taxes levied and collected which are pledged to pay the Loan or reference to a document prepared by the Participant which includes such information]

Annual Financial Information will be submitted to EMMA not more than ____ days after the last day of the Participant’s Fiscal Year which is _____ of each calendar year.

Audited Financial Statements will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (*i.e.*, as subject to the pronouncements of the Governmental Standards Accounting Board) and subject to any express requirements of State law. Audited Financial Statements will be submitted to EMMA within 30 days after availability to the Participant.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, the Participant will disseminate a notice of such change as required by Section 4 herein.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material.
9. Tender offers.
10. Defeasances, release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy insolvency, receivership or similar event of the Participant (such an Event will be considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the Participant in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Participant, or if the jurisdiction of the Participant has been assumed by leaving the Participant and the Participant's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Participant).
13. Merger, consolidation, or acquisition involving the Participant or the sale of all or substantially all of the Participant's assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Notices of failures to provide annual financial information on or before the date specified in the Continuing Disclosure Undertaking.
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
16. Incurrence of a Financial Obligation of the Participant, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Participant, any of which affect security holders, if material.
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Participant, any of which reflect financial difficulties

**EXHIBIT III
CUSIP NUMBERS**

MATURITY DATE	INTEREST RATE	CUSIP BASE: 45204F
7/1/2021	5.000%	ES0
1/1/2022	5.000	ET8
7/1/2022	5.000	EU5
1/1/2023	5.000	EV3
7/1/2023	5.000	EW1
1/1/2024	5.000	EX9
7/1/2024	5.000	EY7
1/1/2025	5.000	EZ4
7/1/2025	5.000	FA8
1/1/2026	5.000	FB6
7/1/2026	5.000	FC4
1/1/2027	5.000	FD2
7/1/2027	5.000	FE0
1/1/2028	5.000	FF7
7/1/2028	5.000	FG5
1/1/2029	5.000	FH3
7/1/2029	5.000	FJ9
1/1/2030	5.000	FK6
7/1/2030	5.000	FL4
1/1/2031	5.000	FM2
7/1/2031	5.000	FN0
1/1/2032	4.000	FP5
7/1/2032	4.000	FQ3
1/1/2033	4.000	FR1
7/1/2033	4.000	FS9
7/1/2034	5.000	FT7
7/1/2035	5.000	FU4
7/1/2035	4.000	FV2
7/1/2036	5.000	FW0
7/1/2037	4.000	FX8
7/1/2038	4.000	FY6
7/1/2039	4.000	FZ3
7/1/2040	4.000	GA7
7/1/2041	4.000	GB5

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”) New York, NY, will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2020 Bonds, each in the total aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020 Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are

credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Fifth Supplemental Master Trust Agreement or the Master Trust Agreement. For example, Beneficial Owners of the Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Master Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2020 Bonds of such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Series 2020 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Master Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor of its nominee, the Master Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Master Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Authority or the Master Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates related to the Authority's Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and IEPA believe to be reliable, but neither the Authority nor IEPA takes any responsibility for the accuracy thereof.

None of the IEPA, the Authority or the Master Trustee can or do give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the Series 2020 Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the IEPA, the Authority or the Master Trustee are responsible or liable for the failure of DTC or any Direct Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Series 2020 Bonds or any error or delay relating thereto.

None of the IEPA, the Authority or the Master Trustee will have any responsibility or obligation to Direct Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant, or any Indirect Participant; (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or premium, if any, or interest on the Series 2020 Bonds; (iii) any notice that is permitted or required to be given to Bondholders under the Master Trust Agreement; (iv) the selection by DTC, any Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Series 2020 Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Direct Participants or Indirect Participants under the book-entry system.

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APPENDIX G

GREEN BOND PROJECT DESCRIPTIONS

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**Illinois SRF - Project Obligation Balances
2019 Series Only**

Recipient	Project Description	Total Obligated as of 4/3/2019	Obligation Balance as of 4/3/2019	\$ Disbursed from 2019 Series	% Disbursed of 4/3/2019 Balance	Construction Completion Date
Addison	Funds will be used for the rehabilitation of the existing digester system at the North Waste Water Treatment Plant. The work will include three new mixing pumps; new 45-foot diameter digester covers; new combination boiler-heat exchangers and miscellaneous associated piping and electrical equipment.	0.00	7,220,810.00	429,979.27	6.00	2/5/2022
Albany	Proceeds from this loan will be used to drill, develop and connect Well #4 to the Village of Albany Public Water Supply system.	0.00	3,169,833.60	2,278,700.25	72.00	11/30/2020
Algonquin	Relocate and replace 16-inch and 18-inch diameter sanitary sewers with the following: 1,752 linear feet of 30-inch diameter sanitary sewer, 1,016 linear feet of 24-inch diameter sanitary sewer, 341 linear feet of 12-inch diameter sanitary sewer, 7 linear feet of 10-inch diameter sanitary sewer, 35 linear feet of 8-inch diameter sanitary sewer and 18 manholes. This project will also include the removal of the North Harrison Street Lift Station; modifications to the Riverfront Lift Station; and all related appurtenances to make project complete and operational.	0.00	2,569,505.94	1,565,776.49	61.00	9/30/2020
Arthur	The project consists of the lining of approximately 48,000 lineal feet of 6 to 15-inch diameter sewer main and 1,685 lineal feet of vertical manholes.	0.00	2,036,567.63	899,428.37	44.00	12/30/2020
Assumption	This project consists of the Samuel Street trunk sewer separation which includes: laying 2,242 feet of 6-inch force main, 12,698 feet of 8-inch sanitary sewer and 6,347 feet of 12-inch sanitary sewer. This project also includes construction of a 330 gallons per minute capacity lift station with 2 pumps; replacing 66 manholes and site restoration.	0.00	7,271,504.66	1,572,900.61	22.00	8/9/2021
Astoria	Construction of two 100,000 gallon finished water storage tanks and replacement of the existing WTP building, purchase of cellular read meter system, 270 new water meters and encoders and other appurtenances.	1,620,836.95	963,860.47	829,289.53	86.00	8/19/2019
Atwood	The project consists of surface preparation, sandblasting, cleaning and painting of the existing 150,000-gallon elevated water tank and existing 7,500-gallon detention tank. The Village is also performing filter and softener rehabilitation to address the media and ion-exchange system.	290,340.69	160,948.45	206,633.30	100.00	5/20/2019
Auburn	This loan will fund Phase 1 of a two-phase water system update. Phase one of the project includes the installation of approximately 4,930 lineal feet of ten (10) inch diameter; 1,573 lineal feet of eight (8) inch diameter; 8,264 lineal feet of six (6) inch diameter; 65 lineal feet of four (4) inch diameter; and 105 lineal feet of three (3) inch diameter water main. Automated water level controls will be installed on the storage tank. New automatic read water meters will also be installed.	0.00	3,096,191.17	272,103.58	9.00	8/28/2021
Ava	The City of Ava will clean out the existing lagoon and replace the riprap around it. The City will also renovate the two existing pump stations and raise the manholes throughout the City to grade.	0.00	0.00	322,891.68	0.00	5/17/2020
Ava	The City of Ava will replace 550 water meters within the water distribution system. The water meters will be replaced with a more efficient radio read or AMI system, to reduce the labor required to read the meters and eliminate estimation of bills.	180,077.70	180,077.70	44,673.51	25.00	4/8/2020
Bartlett	Construction of two 1,500,000-gallon ground storage tanks, a water booster station with seven pumps, a sodium hypochlorite feed system with three chemical feed pumps, and installation of approximately 293 linear feet of 24-inch diameter water main, 264 linear feet of 18-inch diameter water main, and 537 linear feet of 16-inch diameter water main at the location of the water receiving station to connect Bartlett with the Dupage Water Commission to receive water from Lake Michigan. Project will also include all related piping, controls, and appurtenances to make project complete and operational.	7,753,470.00	3,151,777.71	3,091,176.76	98.00	7/27/2020
Batavia	The proposed project entails the separation of the combined sewer system in Area 3. Approximately 5,190 feet of storm sewer pipe and 69 storm sewer structures will be constructed to convey the runoff from Area 3. The Area's existing pipe will then be utilized to convey sanitary waste only.	0.00	790,665.73	578,119.82	73.00	6/1/2020
Batavia	The Phase 1 project consists of the installation of chemical phosphorous removal and excess flow chlorination facilities; rehabilitation of the existing anaerobic digesters including installation of 2 digested sludge tanks with a total volume of 137,662 gals along with two 150 gpm centrifuges; construction of an intermediate pump station with 4 pumps each rated at 4,769 gpm; construction of a laboratory building; and miscellaneous associated piping and electrical equipment along with all necessary ancillary appurtenances not mentioned herein but detailed in the basis of design, plans and specifications to make the facilities complete and operational. The rated capacity of the treatment plant will not change as a result of these improvements.	30,000,000.00	3,853,564.76	1,802,445.46	47.00	12/29/2018

Illinois SRF - Project Obligation Balances
2019 Series Only

Recipient	Project Description	Total Obligated as of 4/3/2019	Obligation Balance as of 4/3/2019	\$ Disbursed from 2019 Series	% Disbursed of 4/3/2019 Balance	Construction Completion Date
Beecher	The project consists of waste water treatment facility (WWTF) improvements and treatment capacity expansion, which includes: raw influent pumping station modifications; screening system improvements; conversion of the existing sludge storage in outer ring of the oxidation ditch to aeration; construct new secondary clarifiers flow division box; repair existing secondary clarifiers; construct a new secondary clarifier; chemical feed for phosphorus removal; construct a UV disinfection structure; repair excess flow structure; replace and/or repair sludge pumps; replace/repair aerobic digester equipment; provide new mechanical sludge dewatering equipment and storage area; control building improvements and provide supervisory control and data acquisition (SCADA) system improvements; provide a new emergency electric generator that will run the entire treatment plant; replace metering equipment; provide miscellaneous piping, valves, air and water lines, demolish existing truck fill station; and construction site restoration.	10,000,000.00	6,642,391.61	5,835,868.61	88.00	5/31/2020
Belleville	The project consists of sewer collection system improvements that are part of the LTCP for CSOs, which includes the following: construction of the 23rd Street lift station; construction of 652 feet of 36-inch, and 1,169 feet of 24-inch diameter gravity sewer; construction of 6,517 feet of 30-inch diameter forcemain, construction of 212 feet of 12-inch, 467 feet of 15-inch, and 737 feet of 18-inch diameter storm sewer; manholes; SCADA; construction area restoration; and an emergency electrical generator.	8,553,013.31	651,265.96	236,675.67	36.00	10/23/2019
Bond Madison Water Company	The project consists of the construction of a new booster pump station with 3 pumps at Maple Grove Road to allow the Bond Madison Water Company to continue to provide water to the entire distribution system, and the installation of approximately 15,000 ft of watermain extensions to eliminate dead ends in the system and provide for overall better water distribution throughout the system.	1,199,396.48	1,117,777.67	786,804.68	70.00	3/31/2020
Brookfield - North Riverside Water Commission	The project entails the installation of approximately 11,500 feet of 36-inch watermain, 108 feet of 24-inch watermain, 62 feet of 20-inch watermain, 15 feet of 12-inch watermain, and 770 feet of 8-inch watermain, as well as a master vault for two meters and related appurtenances.	15,580,000.00	1,294,968.76	795,004.75	61.00	12/14/2018
Broughton	The Village of Broughton will replace approximately 32,000 linear feet of water main with polyvinyl chloride (PVC) pipe; and install new valves, fire hydrants, water service lines and appurtenances.	0.00	108,054.34	92,519.68	86.00	11/12/2020
Buckley	This project includes high-pressure power washing and recoating the interior and exterior of the existing 50,000-gallon water tower; repairing the vent, ladders and overflow box; replacing the cathodic protection system and safety upgrades.	0.00	180,000.00	22,887.50	13.00	11/21/2019
Butler	The project consists of the installation of approximately 1,200 feet of 4-inch diameter water mains, approximately 8,500 feet of 6-inch diameter water mains, 71 water meters and other related appurtenances.	157,777.00	157,777.00	67,110.02	43.00	12/1/2019
Cambridge	Construction of a new building and three pressure filters along with a gas chlorine, blended phosphate, and HMO feed system to reduce radium levels within the Cambridge Public Water Supply System. Addition of a new standby generator and controls for the new Tonka HMO Filtration system.	1,730,750.00	703,585.20	761,731.26	100.00	8/31/2019
Carlyle	The project consists of the installation of approximately 564 feet of 4-inch diameter water main, approximately 968 feet of 6-inch diameter water main, approximately 7,970 feet of 8-inch diameter water main, approximately 8,532 feet of 12-inch diameter water main, and other appurtenances to replace existing water mains and connection services that are failing and/or undersized along Old Route US 50 and Old State Road.	2,136,043.12	0.00	229,428.21	0.00	8/6/2019
Carrier Mills	This loan will fund construction of a lift station having two pumps with a rated capacity of 135 gallons per minute at 58 feet of total depth to head, 1,650 feet of 4-inch sanitary force main, 3,560 feet of 8-inch sanitary sewer, 230 feet of 10-inch sanitary sewer and 7 manholes. Work associated with the project will occur along or near Mill Street, Russell Street, Parker Street, Hutson Street, Fife Street and East End Street in Carrier Mills.	329,760.69	110,582.59	39,772.54	36.00	7/31/2019
Cary	Modification of existing aeration tanks to allow for biological phosphorous removal, new backup chemical phosphorous removal system, replacement of disinfection equipment and misc. energy efficiency improvements at the Wastewater Treatment Plant.	3,247,620.00	867,893.47	159,426.31	18.00	2/28/2019
Central Lake County Joint Action Water Agency	Installation of master meter stations at Grandwood Park, Lindenhurst, Lake Villa, and Fox Lake Hills and construction of approximately 13,923 linear feet of 20-inch diameter and 371 linear feet of 10-inch diameter water main to provide water service to additional communities.	10,423,508.20	469,131.63	10,211.96	2.00	1/31/2018

**Illinois SRF - Project Obligation Balances
2019 Series Only**

Recipient	Project Description	Total Obligated as of 4/3/2019	Obligation Balance as of 4/3/2019	\$ Disbursed from 2019 Series	% Disbursed of 4/3/2019 Balance	Construction Completion Date
Central Lake County Joint Action Water Agency	Installation of approximately 16,000 linear feet of 20-inch diameter water main, 900 linear feet of 12-inch diameter water main and all related appurtenances and restoration.	11,011,459.50	1,636,205.69	775,357.84	47.00	8/6/2019
Central Lake County Joint Action Water Agency	Installation of approximately 300 linear feet of 20-inch diameter water main, approximately 5,220 linear feet of 16-inch diameter water main, approximately 10,220 linear feet of 10-inch diameter water main, and all related appurtenances and restoration.	6,932,587.93	141,832.00	6,082.03	4.00	11/15/2018
Central Lake County Joint Action Water Agency	Installation of 10,300 linear feet of 24-inch diameter water transmission main to connect Central Lake County JAWA with the Villages of Wauconda and Volo.	4,810,156.08	2,964,329.50	2,798,341.21	94.00	11/5/2019
Central Lake County Joint Action Water Agency	Installation of 15,200 linear feet of 24-inch diameter transmission main to connect Central Lake County Joint Action Water Agency with the Villages of Volo and Wauconda.	6,715,145.40	6,590,709.53	3,896,280.26	59.00	1/14/2020
Central Lake County Joint Action Water Agency	Installation of 60 linear feet of 24-inch diameter transmission main and 10,000 linear feet of 16-inch diameter water transmission main to connect Central Lake County Joint Action Water Agency with the Villages of Volo and Wauconda.	3,457,452.65	873,062.64	806,204.87	92.00	7/9/2019
Central Lake County Joint Action Water Agency	Construction of three master meter stations for the Villages of Wauconda, Volo, and Round Lake. Each station will consist of a meter, valves, controls and all related appurtenances. This project will also include the installation of approximately 400 linear feet of 16-inch diameter water main to connect Central Lake County Joint Action Water Agency with the Villages of Volo and Wauconda. The master meter station for the Village of Round Lake is being constructed as a redundant meter station.	1,627,760.58	1,220,018.26	1,099,552.66	90.00	10/31/2019
Champaign	Phase 3 of the West Washington Street drainage improvements project, which includes the following: construction of 4,200 linear feet of 12-inch to 42-inch diameter storm sewers that will drain into the Phase 1 detention basin. Phase 3 will also include green features, such as native plants, rain garden/bio-retention, and curb cuts that drain into bio-swales.	6,456,936.17	6,456,936.17	4,058,473.24	63.00	6/12/2020
Channahon	The project consists of a new 716,000 gallon outer ring added to the existing oxidation ditch, three 15 hp aerators for the ditch, a 750 gpm return activated sludge pump, 2 waste activated sludge pumps, a chemical phosphorus removal system, UV lamps, blowers, sludge storage component, generator and all the necessary appurtenances to make the project complete and operational.	0.00	9,508,309.50	3,257,286.77	34.00	11/18/2020
Chicago	The project entails the first portion of work that will be performed in 2017 as part of a 5-year sewer rehabilitation program conducted throughout the City. Approximately 27,600 lineal feet of 12 to 60-inch diameter sewer main will replace existing, aging sewer main.	30,823,244.69	6,440,201.53	830,911.24	13.00	11/19/2018
Chicago	The project entails the second portion of work that will be performed as part of a 5-year sewer rehabilitation program conducted throughout the City. Approximately 26,900 lineal feet of 12 to 60-inch diameter sewer main will replace existing, aging sewer main.	19,888,142.63	7,129,922.93	4,059,253.95	57.00	5/20/2019
Chicago	The project entails the third portion of work that will be performed as part of a 5-year sewer rehabilitation program conducted throughout the City. Approximately 34,700 lineal feet of 12 to 60-inch diameter sewer main will replace existing, aging sewer main.	31,653,800.91	22,365,392.10	15,739,293.28	70.00	1/15/2020
Chicago	The project is a continuation of the City's 3-year sewer lining contract, which was awarded in 2016. Activities associated with this loan consist of lining approximately 42 miles of 8" to 48" diameter sewer main throughout the City's Far North, North, Central, South, and Far South Districts.	60,000,000.00	31,124,203.69	24,096,260.66	77.00	12/31/2019
Chicago	-Replacement of the obsolete electrical switchgear and distribution equipment with current technology equipment at the South Water Purification Plant. -Installation of five new diesel generators and associated control and distribution equipment to provide power to the SWPP in the event of a utility power failure. -Construction of a new building to house the installation of the new diesel generator equipment. -Minor architectural, electrical, and HVAC revisions to the existing facilities in order to comply with current building codes.	49,806,544.00	6,355,094.28	155,068.76	2.00	4/16/2019
Chicago	The project consists of replacing the obsolete electrical switchgear and existing temporary standby generators at the Jardine Water Purification Plant.	40,431,567.00	23,835,955.41	11,601,991.70	49.00	6/4/2021

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Recipient	Project Description	Total Obligated as of 4/3/2019	Obligation Balance as of 4/3/2019	\$ Disbursed from 2019 Series	% Disbursed of 4/3/2019 Balance	Construction Completion Date
Chicago	The project entails the conversion of the Central Park Pumping Station from steam driven to electrical operation. Details of the project include the demolition of five steam turbines and replacement with electric induction motors, factor refurbishment of five existing centrifugal pumps, installation of a new hydraulic valve operating system, new pump vacuum priming system, and new pump lube oil system to support operation of the pumps, the demolition of five existing boilers, refurbishment of the boiler room for installation of four new standby diesel generators, the installation of five new variable speed drives and medium voltage switchgear in a new 5,900 square foot building, the installation of new ComEd transformers and switchgear in a new 5,500 square foot building, renovation of facility HVAC and electrical systems, installation of a new SCADA system, demolition of existing fuel storage tanks and installation of new double walled oil storage tanks, installation of a photovoltaic power system, and various other associated appurtenances.	53,656,000.00	45,124,457.51	21,627,877.26	48.00	11/21/2022
Chicago	The proposed project consists of upgrades to the chlorine system at the JWPP, including the installation of two emergency chlorine gas scrubbers, five evaporators, and the modification of the SCADA controls for 25 existing chlorinations, to create a redundant control system. The gas scrubbers will be complete with inlet ducting, exhaust ducting, contact vessel, caustic recirculating system, exhaust fan, controls and various necessary appurtenances.	6,707,240.04	2,020,670.01	19,228.16	1.00	8/13/2019
Chicago	As part of Chicago's ongoing water main upgrade project, the loan eligible aspect of this project consists of the replacement of 55 miles of water main. This Loan combines the ongoing activities associated with previous loans L175331, which consisted of Districts 3 through 6, and L175417, which consisted of Districts 1 and 2.	105,321,333.00	40,750,359.11	33,033,074.63	81.00	7/21/2019
Chicago	Loan funds will be utilized to install water meters at residences throughout the City that are currently unmetered. Installations will be performed by a private contractor. Meters will be equipped with AMR (Automatic Meter Reading) capabilities. Funds will also be used to replace outdated, existing meters with AMR capable units. Loan funds will only pay for installation costs, not water meters. Costs associated with the original construction contract have already been covered by previous loans, however the contract allowed for a one year extension. This loan covers costs which are associated with the extension of the original contract.	18,000,000.00	9,285,231.18	2,574,098.94	28.00	10/9/2019
Clayton-Camp Point Water Commission	The project consists of the installation of 5,300 feet of 8-inch and 8,500 feet of 12-inch water main to provide looping and Well #10 will be connected to the water system. At the west water treatment plant, three new high service pumps will be installed, and a booster pump station will be constructed. Additional construction will include a 5,000 gallon wet well, a gas chlorination system, fluoride feed system, phosphate feed system, and piping, valves, controls and all the necessary appurtenances.	0.00	4,471,352.42	3,718,637.03	83.00	7/2/2020
Collinsville	The project consists of the construction of a new 5.0 MGD water treatment plant (WTP); which includes a two story, approximately 19,600 sf total, treatment and administration building; process equipment consisting of a headtank/aerator combination; two 47.5' diameter claricones; a Helicarb tank; four 21' diameter filters; four high service pumps; two backwash pumps; chemical feed systems; a new 600,000 gallon capacity reinforced concrete clearwell; necessary site piping; sanitary and filter backwash sewer piping; related electrical services and WTP SCADA controls systems; construction area restoration and related necessary appurtenances.	18,505,957.30	2,058,425.69	2,044,307.19	99.00	3/1/2019
Crestwood	The project consists of the lining of approximately 5,300 lineal feet of 8 to 10-inch diameter sanitary sewer, 400 sewer laterals, and miscellaneous collection system repairs for the Playfield Subdivision Phase 1 Sanitary Sewer Rehabilitation project.	0.00	1,452,737.41	1,117,070.02	77.00	4/5/2020
Crestwood	The activities associated with this loan consist of the installation of approximately 9,140 lineal feet of 6-inch diameter water main, 7,378 lineal feet of 8-inch diameter water main, and 892 lineal feet of 10-inch diameter water main. Additionally, approximately 41 fire hydrants will be replaced. This work is the first of three phases of the Village's water main replacement project	0.00	0.00	4,456,785.68	0.00	6/25/2020
Crete	The project entails improvements at the Village's five drinking water wells. This work includes the installation of iron removal treatment consisting of reaction basins; pressure filters; piping; controls; and miscellaneous necessary appurtenances.	0.00	5,000,000.00	3,135,848.44	63.00	5/15/2021

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Creve Coeur	With receipt of this loan, the Village of Creve Coeur will undertake construction of the Riley Lane pump station, and consolidate the flows from six remotely located sewage lift stations. The individual lift stations will ultimately be abandoned. The new lift station will have two pumps with a rated capacity of 1,250 gallons per minute. Pipe inventory includes 5,961 feet of 10-inch force main; 4,540 feet of 8-inch sanitary sewer; 2,091 feet of 12-inch sanitary sewer. The installation of 40 manholes is also included in the project.	3,998,993.39	3,998,993.39	2,327,802.82	58.00	8/9/2020
Dakota	The Village of Dakota will construct a new standpipe water tower, providing 256,800-gallons of storage; construct a small building to house the chlorine feed system and mixing pumps; demolish the current water tower; and replace approximately 500 lineal feet of existing 3-inch water main with 8-inch water main.	0.00	1,020,000.00	939,111.14	92.00	8/31/2020
Dallas City	The proposed project consists of the replacement of 520 lineal feet of existing 8-inch vitrified clay pipe (VCP) sanitary sewer with 8-inch PVC sanitary sewer, replacing 10 existing manholes with new precast concrete manholes, 15,500 lineal feet of cured-in-place lining of 8-inch to 15-inch sanitary sewers, 49 point repairs at collapsed sewer main areas, the rehabilitation of 39 manholes, and 237 grouted lateral-to-sewer main connections.	802,753.66	374,191.34	223,006.46	60.00	9/21/2019
Decatur	This project will fund Combined Sewer Separation by building new storm sewers in the Nelson Park neighborhood of Decatur, Illinois.	4,012,486.81	674,398.37	60,831.88	9.00	10/31/2018
Decatur	This project involves repairing sewers which are considered critical and refurbishing existing manholes. Approximately 12,009 feet of sewer pipe will be repaired by using CIPP (Cured-In-Place Pipe) methodology which is a type of trenchless (no-dig) restoration process for damaged pipelines. Prior to repair, the sewers will be televised to assess their condition and cleaned. Forty-six (46) manholes will be repaired using spray-applied coatings.	0.00	5,911,143.31	2,471,743.56	42.00	7/23/2020
Decatur, Sanitary District of	This project includes upgrades to the West Screen Headworks Facility consisting of 2 new grit classifiers and fine screens. The project will also include replacement of miscellaneous pumps, piping, valves, and other equipment to make project complete and operational.	8,755,000.00	5,393,704.19	2,067,187.26	38.00	3/31/2020
DeKalb	The project consists of the installation of approximately 132 linear feet of 6-inch diameter watermain, approximately 3,973 linear feet of 8-inch diameter watermain, and other related appurtenances.	0.00	0.00	693,149.55	0.00	7/30/2019
Desoto	The project consists of the installation of 115 feet of 6-inch D.I. water main, 3,197 feet of 6-inch PVC water main, along with all the necessary appurtenances.	0.00	698,967.89	541,490.25	77.00	7/11/2020
Dowell	The project involves the installation of approximately 7,100 lineal feet of 4-inch water main and 2,400 lineal feet of 6-inch water main in 7 different locations to replace existing water mains that are undersized and to loop existing water mains to eliminate dead ends. The Village will also replace approximately 450 water meters to ensure compatibility with the new system.	377,879.02	18,172.72	13,250.25	73.00	6/15/2019
Downers Grove	Replacement of approximately 690 linear feet of 6-inch diameter water main; 4,990 linear feet of 8-inch diameter water main; 4,225 linear feet of 12-inch diameter water main and 40 linear feet of 16-inch diameter water main and all related appurtenances and restoration to make project complete and operational.	0.00	4,689,501.43	2,575,936.22	55.00	10/18/2019
Durand	The project consists of water main replacements along State Street, South Street, and Newman Street, which includes the following: construction of approximately 2,611 feet of 12-inch, 1,753 feet of 10-inch, 836 feet of 8-inch, and 245 feet of 6-inch water main; water service lines; fire hydrants; valves; valve boxes, vaults; traffic control; and construction area restoration.	1,240,282.93	1,240,282.93	975,443.40	79.00	5/11/2020
Durand	The project consists of the construction of a new public water supply well No. 4 with new well house, and associated test wells; and improvements to the existing well No. 3 and well house. The work will include: new well pumps; chemical feed systems; piping; valves; controls; approximately 1,400 feet of 8-inch diameter water main for well No. 4, SCADA control systems; and construction site restoration. The projects also will add sanitary sewer connections for both well houses, which includes: 15 feet of 4-inch and 484 feet of 8-inch diameter PVC sewer pipe, and four manholes for well No. 4; and 68 feet of 4-inch and 138 feet of 8-inch diameter PVC sewer pipe, and two manholes for well No. 3.	0.00	1,532,537.62	407,788.75	27.00	2/20/2022

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East Dubuque	The project consists of modifications to the City's existing wastewater treatment plant. The proposed activities consist of upgrading the screening/grit removal to a new mechanical vortex grit removal system; replacement of the existing influent pumps with new, heavy duty pumps; replacement of existing blowers with variable frequency drives to improve energy efficiency; upgrades to aeration tank components; new clarifier covers, replacement of final clarifier equipment, upgrades to the control system; and the installation of a new backup generator.	0.00	3,837,243.92	1,963,610.91	51.00	11/30/2020
East Peoria	<p>This loan will fund work at the East Peoria wastewater treatment Plant number one (Phase A) and includes improvements to the headworks; installation of a new grit pump station and grit processing; capacity increase of the influent pump stations; renovations to the administration building; increase in the storm flow basin capacity; new 30" effluent force main to the river outfall; remove and replace the blower/chlorination building; construct a new non-potable water pump station and Vactor dump pad; site electrical power service and emergency generator improvements.</p> <p>Phase B will include repairs and upgrades to the Route 8 pump station. The work includes expanding the existing pump intake wet well capacity; addition of variable frequency drive (VFD) for the pumps; site piping adjustments and renovation of the existing buildings. Equipment/electric overhaul of the system; replacing the existing 14" force main and improvements to the existing stormflow holding basin.</p> <p>Phase C work at the East Peoria wastewater treatment Plant number three includes rehabilitating a section of the influent sewer; a new headworks; new sanitary and storm flow splitter box; new grit chamber and grit processing; re-purpose the existing split flow chamber; service building and package treatment plants for new processes. After demolition of the existing screen, the building will be retained for storage. Existing blowers will be rehabilitated, and new blowers will be added. New dewatering building and equipment; rehabilitation of the existing stormflow holding pond; return activated sludge (RAS) and sludge pump stations; dewatering underdrain equalization tank; expansion of the chlorination building; plant and lagoon drain pump stations; site electrical power service and emergency generator improvements; sludge storage pad/canopy and associated site piping.</p>	0.00	41,649,111.00	9,868,844.12	24.00	8/3/2021
Ellis Grove	The project includes the construction of approximately 21,000 feet of 4-inch PVC water main, as well as all the necessary appurtenances.	0.00	98,609.50	27,396.00	28.00	4/4/2020
Elmhurst	The project consists of improvements to the City of Elmhurst's Water Reclamation Facility (WRF) and collection system lift stations. This loan covers what is considered to be Phase I of the project, and entails the following activities: construction of a lift station having 2 pumps with a rated capacity of 1,250 gpm; rehabilitation and replacement of the existing grit collectors, grit washers, influent sampler and miscellaneous associated piping and electrical equipment along with all necessary ancillary appurtenances; modification to the existing effluent sampling station including the installation of sampler tubing, carrier pipes and miscellaneous associated piping and electrical equipment along with all necessary ancillary appurtenances; modification to the existing sludge storage pad including construction of drainage structures, a sediment/oil separation chamber, and replacing and rerouting of the existing sanitary sewer to return the supernatant back to the treatment plant; roof and masonry replacement at the WRF.	9,054,155.23	3,709,135.84	3,535,567.63	95.00	11/5/2019
Elmhurst	The project consists of improvements to the City of Elmhurst's Water Reclamation Facility (WRF). This loan covers what is considered to be Phase II of the project, and entails the following activities: construction of approximately 5,600 lineal feet of 8-inch and 6-inch nonpotable water mains with 15 yard hydrants and 10 valves and boxes; 2,000 lineal feet of 8-inch and 6-inch potable water mains with 8 fire hydrants, 8 valves and boxes; 1,500 lineal feet of 4-inch and 2-inch natural gas mains with 8 valves and boxes, 3,800 lineal feet of fiber optic cable; 14,000 lineal feet of 3.5-inch and 3-inch PVC electrical conduit; 2,100 lineal feet of underground electrical conduit; 4 electrical vaults; utility service connections; 11,100 lineal feet of vacuum excavated trenches for S.U.E. locates; 5,300 square yards of pavement patching; process and control integration; 40 hose reels and 2,600 lineal feet of hose; construction of an Electrical Distribution Building; and various other miscellaneous associated work.	0.00	6,099,040.27	360,464.62	6.00	10/31/2020
Elmhurst	The project consists of improvements to the City of Elmhurst's Water Reclamation Facility (WRF). This loan covers what is considered to be Phase III of the project, and entails the following activities: a new 8-foot diameter precast wet well; a 6-foot diameter precast meter vault; a new pre-fabricated system control and generator building; decommissioning of the existing lift station; raw crew pumps and belt filter presses replacement; the installation of a new natural gas emergency generator; replacement of electrical components at the North Industrial Lift station; the installation of gas sensors; and other miscellaneous site work.	0.00	8,502,766.18	1,502,816.08	18.00	12/26/2020

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Evanston	Construction of a new 5 million gallon clearwell complete with hatches, vents, piping, baffle walls, controls, underdrain and perimeter drain system with a pump station that has 2 pumps each rated at 120 gpm @32 ft. TDH. Installation of a high service pump rated at 7,250 gpm @ 150 ft. TDH. Project also includes restoration and all related appurtenances to make project complete and operational.	20,556,256.00	20,556,256.00	17,091,000.74	83.00	1/28/2021
Fairbury	With receipt of this loan, the City of Fairbury proposes upgrades and improvements to Fairbury's Waste Water Treatment Plant (WWTP), collection system and lift stations. The City plans to separate limited areas of the combined sewage collection system. Upgrades at the WWTP consist of modifications to the trickling filter and activated sludge processes to maximize treatment capacity with additional improvements to the lift stations, the excess flow lagoon and the chlorine contact basin. Upgrades outside of the WWTP include installation of a South interceptor sewer; improvements to the Walcrest pump station and force main; improvements and increase in capacity to the 7th Street pump station and force main; and installation of new gravity sewer for the Timber Ridge Subdivision and Jackson Street. The City currently utilizes seven (7) CSO Outfalls. Outfalls 004, 005, 006, 011 and 013 will be eliminated. Outfalls 003 and 008 will remain for emergency relief purposes.	30,431,034.25	22,797,590.87	11,977,753.19	53.00	10/21/2021
Flagg Creek W.R.D.	The project consists of the construction of two 2,550 chemical tanks, three peristaltic pumps each rated at 30 gallons per hour, a phosphorus analyzer for chemical removal of phosphorus, conversion of the dual use clarifiers to dedicated tertiary clarifiers, a new submersible pump station with one 17.2 million gallons per day pump, replacement of two grit washers, new drain pipe from the disk filter, and all the necessary appurtenances to make the project complete and operational.	4,003,867.50	2,152,016.41	1,712,269.14	80.00	1/27/2020
Forreston	The Village of Forreston will replace approximately 6,255 feet of watermain with 4, 6, 8 and 10-inch polyvinyl chloride (PVC) watermain. This project also consists of replacing valves, water service connections, and fire hydrants; and providing traffic control, and construction site restoration.	0.00	1,541,592.14	979,678.97	64.00	3/15/2021
Fox Lake	The Village of Fox Lake owns and operates two separate drinking water and wastewater systems. The Village has developed a design to connect the systems and create one wastewater system and one drinking water system. The drinking water interconnect will allow the surplus supply in the South to support the North. Interconnection of the two sewer systems will create a centralized wastewater collection and treatment system at the existing Northwest Regional Water Reclamation Facility and allow retirement of the Tall Oaks Wastewater Treatment Plant (WWTP), which has reached the end of its serviceable life. The project will have two phases and each phase will have both a drinking and wastewater component. The Water Pollution Control Loan Program (WPCLP) portion of Phase 1, L173974, will include construction of roughly 200 Linear Feet (LF) of 24" gravity sewer, 730 LF of 8" gravity sewer, 2,460 LF of 16" force main and 3,100 LF of 12" force main. The sanitary sewer and force main will be constructed using jack and bore methods, horizontal directional drilling and traditional trenching. The WPCLP portion will also include construction of a new Bridge Lift Station and upgrades to the existing Main Lift Station. The new Bridge Lift Station will be constructed on the north end of the channel crossing and will receive all wastewater from the North System. This work is covered by IEPA Permit Numbers 2018 HB 63582, 2018 HB 63881, 2018 HB 63886, 2018 IA 63636 and 2019 IB 63543. The Public Water Supply Loan Program (PWSLP) portion of Phase 1, L175581, will include construction of roughly 6,570 LF of water main ranging in size from 6" to 20", hydrants and valves from Grand Avenue in the South System to the proposed Bridge Lift Station and connect to the North System. The water main will be constructed using jack and bore methods, horizontal directional drilling and traditional trenching. This work is covered by IEPA Permit Number 0105-FY2019.	0.00	5,096,042.95	1,823,674.50	36.00	11/8/2020

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Fox Lake	The Village of Fox Lake owns and operates two separate drinking water and wastewater systems. The Village has developed a design to connect the systems and create one wastewater system and one drinking water system. The drinking water interconnect will allow the surplus supply in the South to support the North. Interconnection of the two sewer systems will create a centralized wastewater collection and treatment system at the existing Northwest Regional Water Reclamation Facility and allow retirement of the Tall Oaks Wastewater Treatment Plant (WWTP), which has reached the end of its serviceable life. The project will have two phases and each phase will have both a drinking and wastewater component. The Public Water Supply Loan Program (PWSLP) portion of Phase 1, L175581, will include construction of roughly 6,570 LF of water main ranging in size from 6" to 20", hydrants and valves from Grand Avenue in the South System to the proposed Bridge Lift Station and connect to the North System. The water main will be constructed using jack and bore methods, horizontal directional drilling and traditional trenching. This work is covered by IEPA Permit Number 0105-FY2019. The Water Pollution Control Loan Program (WPCLP) portion of Phase 1, L173974, will include construction of roughly 200 Linear Feet (LF) of 24" gravity sewer, 730 LF of 8" gravity sewer, 2,460 LF of 16" force main and 3,100 LF of 12" force main. The sanitary sewer and force main will be constructed using jack and bore methods, horizontal directional drilling and traditional trenching. The WPCLP portion will also include construction of a new Bridge Lift Station and upgrades to the existing Main Lift Station. The new Bridge Lift Station will be constructed on the north end of the channel crossing and will receive all wastewater from the North System. This work is covered by IEPA Permit Numbers 2018 HB 63582, 2018 HB 63881, 2018 HB 63886, 2018 IA 63636 and 2019 IB 63543.	0.00	3,903,957.05	2,737,470.78	70.00	11/8/2020
Fox Metro Water Reclamation District	The project consists of upgrades to the South WWTP which include: Headworks building with two mechanically cleaned bar screens rated at 16 MGD each; Two grit separators each rated at 16 MGD; Two 120 ft primary clarifiers; Three primary sludge pumps rated at 500 GPM; An activated sludge/biological nutrient removal system with mixers, blowers, and pumps; Two 135 ft final clarifiers; Gravity belt thickening building with waste activated sludge tanks; Chemical feed system with pumps rated at 1,500 GPM, and; All related appurtenances to make the project complete and operational. An interceptor crossing the Waubensie River will also be constructed and consist of the following: 1,622 ft of 36-inch sanitary sewers; 143 ft of 42-inch sanitary sewers; 5 manholes, and; All related appurtenances to make the project complete and operational.	96,154,560.26	7,062,784.64	4,240,329.73	60.00	8/21/2019
Fox Metro Water Reclamation District	The project includes the installation of aeration tank baffles, pumps, blowers, and mixers. A ferric chloride pumping system will also be installed that includes two 16,120 gallon storage tanks with yard piping, electrical, and all the necessary appurtenances.	3,705,064.50	786,358.20	786,358.20	100.00	10/10/2019
Fox River Water Reclamation District	This project consists of improvements to the North Water Reclamation Facility (WRF) to add biological phosphorus removal facilities to the existing activated sludge process. The improvements include the following: piping/valve additions and replacements to improve system hydraulics; new primary sludge pumps with AFDs and flowmeters; electrical improvements; addition of a primary sludge fermenter; new return sludge pumps with AFDs and flowmeters; new sludge transfer station mixing pumps; additional mixing and aeration basins; north and south blower building improvements; yard piping and structures, and a new odor control system.	0.00	26,633,995.00	3,355,230.86	13.00	3/17/2021
Fox River Water Reclamation District	The project consists of waste water treatment plant improvements at the Albin D. Pagorski Water Reclamation Facility, which include: reconditioning or replacement of the anaerobic digester covers; replacement of the digester mixing equipment; replacement of digester gas safety equipment; replacement of one primary sludge pump; and miscellaneous structural, heating, ventilation, air-conditioning and electrical repairs or replacements.	12,925,390.00	7,473,735.93	1,761,921.75	24.00	12/31/2019
Fox River Water Reclamation District	The project consists of the construction of approximately 9,500 linear feet of 8-inch diameter HDPE forcemain to transfer wastewater treatment plant sludge from the north and west facilities to the main Albin D. Pagorski treatment facility and includes piping modifications at the treatment plant and within the thickener building. This part of the project is referred to as Phases 3 and 4.	3,990,726.68	1,735,147.47	927,706.33	53.00	4/30/2019
Frankfort	Consolidation of the North WWTP, West WWTP, and Regional WWTP into one WWTP located at the Regional WWTP location. This project will also include upgrades at the Regional WWTP location to increase treatment capacity, construction of a Flow Equalization Basin and Stormwater Detention Basin, improvements to the Hickory Creek Pump Station, construction of 3,700 linear feet of 24-inch diameter force main, 4,390 linear feet of 16-inch diameter force main, 4,436 linear feet of 24-inch diameter sanitary sewer, and the decommissioning of approximately 17 manholes. Related appurtenances and restoration for this project will also be included as part of this loan.	37,219,036.56	10,051,947.84	6,444,478.71	64.00	2/19/2020

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Frankfort	Demolish the existing North and West Waste Water Treatment Plant (WWTP) structures and replace with a two cell deep excess flow pond at the North WWTP measured at 149 feet x 285 feet x 8 feet deep and 128 feet x 275 feet x 8 feet deep to store excess flows above 3.0 MGD. The two cell excess flow pond will allow stored excess flow to be pumped back to the Regional Waste Water Treatment Plant for full treatment.	0.00	7,025,243.00	1,905,542.66	27.00	1/19/2021
Franklin Park	The loan will fund the installation of approximately 46 lineal feet of 6-inch diameter watermain, approximately 1,822 lineal feet of 8-inch diameter ductile iron watermain, valves, fire hydrants, service reconnections, surface restoration and other appurtenances.	0.00	618,934.98	494,519.40	80.00	12/22/2020
Freeport	Replacement of approximately 258 lead service lines throughout the City of Freeport.	0.00	2,191,644.00	257,067.30	12.00	7/24/2022
Galena	The City of Galena will install approximately 20 linear feet (LF) of 4-inch, 950 LF of 6-inch, 500 LF of 8-inch and 2,600 LF of 10-inch polyvinyl chloride (PVC) water main. This project also includes replacement of water service lines, valves, fire hydrants and all necessary site restoration.	0.00	1,579,136.71	553,840.51	35.00	12/4/2020
Galesburg	The project consists of the replacement of approximately 475 lead water service lines within the City of Galesburg. This is Phase 2 of a multi-phased project.	2,000,000.00	450,876.26	123,182.67	27.00	6/28/2019
Galesburg	The project consists of the replacement of approximately 500 lead water service lines within the City of Galesburg. This is Phase 3 of a multi-phased project.	0.00	2,000,000.00	1,822,461.19	91.00	8/31/2020
Galesburg	The project consists of the replacement of approximately 500 lead water service lines within the City of Galesburg. This is the 4th and final phase of the approved project plan.	0.00	2,000,000.00	403,259.87	20.00	5/18/2021
Geneva	The project consists of waste water treatment facility (WWTF) improvements, which include: raw influent pumping station modifications; influent metering improvements; grit removal improvements; aeration tank modifications to achieve enhanced biological phosphorus removal and denitrification; blower improvements; secondary clarifier improvements; return activated sludge/waste activated sludge pumping station improvements; and supervisory control and data acquisition (SCADA) improvements.	11,626,046.32	3,437,029.51	2,946,777.38	86.00	10/5/2019
Genoa	The project consists of repainting and minor improvements to the 150,000-gallon capacity North elevated water storage tank, including: the installation of safety rails, ladders, platform, flap gate, riser manway, roof hatch, roof vent, pipe deflector plate and cathodic clips.	0.00	454,891.09	411,460.99	90.00	10/28/2019
Genoa	The project consists of improvements to water supply well No. 4, and water main replacements and extension. The well No. 4 improvements include: installing 950 gpm submersible pumping equipment; flow meter; valves and fittings; testing; and installing an emergency electrical generator. The water main replacement and extension includes: construction of approximately 605 feet of 6-inch, 2,600 feet of 8-inch, and 150 feet of 10-inch diameter water main; valves, vaults and fittings; 20 water service replacements; replacement of sanitary and storm sewers; fire hydrants; and construction site restoration.	0.00	1,459,129.70	808,625.11	55.00	12/19/2020
German Valley	The project consists of the construction of two new potable water wells (Nos. 4 and 5), new well houses and treatment, water distribution system improvements including meter replacement, elevated water storage tank repainting, and distribution control system upgrades.	3,197,593.30	464,777.26	258,977.99	56.00	6/1/2019
Germantown Hills	The Village of Germantown Hills will construct an overflow trunk sewer from WWTP #1 to WWTP #2 to allow high flows to be diverted and prevent overflow at WWTP #1. This project includes construction of a new influent pump station and screen at WWTP #2.	0.00	0.00	2,422,536.35	0.00	7/22/2020
Glenbard Wastewater Authority	The project consists of new effluent filtration, UV disinfection, and biosolids storage along with all the necessary appurtenances to make the project complete and operational.	16,725,000.00	4,704,492.83	2,574,564.21	55.00	11/19/2019
Greenfield	Modify the existing water treatment plant by installing a new mixer in the rapid mix basin; a new mixer and support bridge in the flocculation basin; four new filters; new sodium permanganate, aluminum sulfate, ammonia sulfate, lime, carbon, chlorine, fluoride, and Miox chemical feed equipment; piping; controls and necessary appurtenances to make project complete and operational.	0.00	2,587,080.00	1,303,053.63	50.00	2/23/2021

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Gurnee	The project consists of the construction of a 2 million gallon elevated water storage tank, a booster pump station with two pumps rated at 700 gpm @ 110 ft. TDH and an additional high flow pump rated at 1,200 gpm @ 110 ft. TDH, 160 l.f. of 12-inch water main, a generator, and all the necessary controls and appurtenances to make the project complete and operational.	6,132,208.00	5,085,295.70	3,748,425.89	74.00	8/31/2020
Hardin County Water District No. 1	Installation of approximately 2,000 linear feet of 4-inch diameter water main; 10,200 linear feet of 6-inch diameter water main; hydrants, valves and restoration to make project complete and operational (Phase 1)	0.00	316,026.08	125,268.98	40.00	5/27/2021
Harrisburg	The project consists of the replacement of approximately 33,300 feet of 6-inch diameter water main, approximately 4,220 feet of 8-inch diameter watermain, approximately 4,200 feet of 10-inch diameter water main, approximately 500 feet of 12-inch diameter water main, valves, service reconnections, surface restoration and other related appurtenances.	2,821,781.40	2,821,781.40	2,380,700.28	84.00	8/31/2020
Harrisburg	The project consists of the installation of approximately 18,960 lineal feet of 6-inch diameter watermain, approximately 7,180 lineal feet of 8-inch diameter watermain, approximately 4,320 lineal feet of 12-inch diameter watermain, and other miscellaneous appurtenances.	0.00	2,514,577.49	1,034,626.20	41.00	6/25/2021
Henderson	Installation of approximately 9,230 linear feet of 8-inch diameter water main, approximately 10,790 linear feet of 6-inch diameter water main, 200 linear feet of 4-inch diameter water main, master meter and vault, modifications to piping in existing water treatment plant, and all related appurtenances to connect Henderson water supply to the Galesburg water supply system.	1,175,000.00	60,472.01	60,472.01	100.00	5/10/2019
Highland	The project consists of modifications to the existing wastewater treatment facility that includes an influent pump station with 4 pumps each rated at 1,400 gallons per minute (gpm) and 3 rehabilitated excess flow pumps each rated at 2,100 gpm, new mechanical screen, grit chamber, phosphorus chemical treatment system, 4 oxidation ditch aerators, 3 rehabilitated RAS pumps each rated at 556 gpm, 2 new WAS pumps each rated at 345 gpm, 2 rehabilitated secondary clarifiers, 2 new 70 ft diameter aerobic digesters with 3 new blowers, along with all the necessary appurtenances to make the project complete and operational.	0.00	11,000,000.00	4,025,706.75	37.00	2/9/2021
Hoffman Estates	The proposed project consists of painting and minor improvements to the 400,000-gallon capacity water storage tank T-2 and the 250,000-gallon capacity water storage tank T-4, including; installing safety railing and rigging couplings, fall prevention, roof vents, screened overflow pipe flap gates, sediment removal valves, and other miscellaneous repairs.	0.00	700,000.00	373,287.05	53.00	7/30/2021
Hoopeston	The project consists of pre-cleaning and installing cured in place pipe lining (CIPP) to approximately 7,662 linear feet of sanitary sewer ranging in size from 8-inches in diameter to 10-inches in diameter. Other work includes spot repairs, manhole rehabilitation, post inspection, surface restoration and other necessary appurtenances.	644,983.00	644,983.00	371,750.28	58.00	9/1/2019
Hopedale	This project includes a WWTP upgrade to a design average flow of 0.22 million gallons per day (MGD) with a design maximum flow of 0.49 MGD. Improvements consist of a new automatic bar screen, a package plant oxidation system with rotary aerator assemblies, one 25-foot diameter clarifier, new 400 cfm blower, 4 sludge drying beds, piping, valves, effluent pumps, return and waste activated sludge pumps, new standby generator and other appurtenances.	2,512,400.00	143,776.58	143,776.58	100.00	7/28/2019
Indian Head Park	Installation of approximately 10,166 linear feet of 8-inch diameter water main and 240 linear feet of 10-inch diameter water main	0.00	0.00	2,044,414.04	0.00	11/21/2020
Industry	The project consists of lagoon treatment improvements including sludge removal, construction of an earthen berm to divide the treatment pond into separate cells, new aeration system blowers and piping, new blower building, influent structure, flow metering, bypass pumping and other appurtenances. Collection system improvements include approximately 1,370 feet of 6-inch diameter force main from the North Lift Station (LS) to the lagoon, new pumps for the North LS, rehabilitation of approximately 1,000 LF of 8-inch diameter pipe using cured in place pipe liner, chemical grout injection, and open trench pipe replacement. Additional work includes manhole lining and rehabilitation, culvert replacement at the corner of First and Hickory Streets, and other necessary appurtenances.	0.00	1,949,410.87	415,489.67	21.00	9/18/2020

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Itasca	<p>The project entails rehabilitation of the Village's existing WWTP in order to correct operational deficiencies. Project details include: Weir gate nut replacement and hatch installation at the Raw Sewage Pump Station; Odor control pipe replacements and HVAC upgrades in the Control Building; Decanter pipe modifications and chemical feed line with heat tracing addition; Upgrade to work with the new SCADA system and to provide a modified pumping scheme for Post-SBR Pumping; Automatic control valves and piping additions for the Non-Potable Water System; The addition of a second UV channel with two banks of UV lamps at the UV System; Replacement of the rotary fan presses with two centrifuges (not part of this loan), the addition of access platforms, the addition of screw conveyors, and the addition of a sludge conditioning system at the Sludge Building; SCADA system upgrades, and; Replacement of three pumps, the addition of one natural gas generator, and the replacement of one diesel generator at the Holiday Inn Lift Station.</p> <p>The project aspects will not increase the WWTP capacity or require NPDES permit limit modifications.</p>	6,345,018.55	1,838,295.08	1,752,319.21	95.00	11/1/2019
Ivesdale	<p>This project consists of upgrading the water treatment plant to increase capacity from 35 gallons per minute (gpm) to 50 gpm. These improvements include replacing the pressure filters, high service pumps, all chemical feed systems, master effluent flow meter and backwash flow meter, plant controls, refurbishing automated valves, replacing the existing aerator and detention basin and painting the elevated storage tank.</p>	0.00	761,973.53	761,973.53	100.00	6/4/2020
Jacksonville	<p>The project consists of a new 9.0 MGD water treatment plant complete with intake, lake water pumping station, two rapid mix basins, three flocculation basins, three sedimentation basins, a recarbonation basin, eight new filters, a 1,000,000 gallon clearwell, pumps, mechanical feed equipment, lagoons, emergency generator, piping, controls, and all the necessary appurtenances to make the project complete and operational.</p>	34,742,972.00	1,477,865.52	353,037.68	24.00	12/1/2018
Joliet	<p>Wet Weather pumping station Phase III CSO LTCP Imp's -Wet Weather Treatment facility.</p>	38,343,819.00	5,866,332.00	3,417,924.68	58.00	4/14/2020
Joliet	<p>This loan will fund the heavy cleaning and televising of approximately 15,000 linear feet of sewer pipe between 10 and 72 inch diameter located within the West River Wall of the Des Plaines River.</p>	0.00	2,378,621.50	2,157,934.14	91.00	10/25/2019
Joliet	<p>Biological Phosphorus Removal at the East Side WWTP</p> <p>Funds will be used at the City of Joliet Eastside wastewater treatment plant for the addition of Phosphorus removal equipment that will include one Anaerobic zone in the existing Aeration tanks for biological removal of phosphorus, plus the addition of new centrifuge type WAS thickening units to be installed into the existing thickening building. A new chemical storage and feed facility for alum addition will also be constructed.</p>	0.00	0.00	5,606,282.49	0.00	5/4/2021
Joliet	<p>Loan will fund the first year of a five year city wide rehabilitation of the sanitary sewer mainlines and manholes. An IEPA construction permit is not required for the work.</p>	6,867,674.54	868,464.92	110,965.24	13.00	7/31/2019
Joliet	<p>This loan will fund the City of Joliet's 2018 Sanitary Sewer Rehabilitation Project. The goal of the program is to increase the structural integrity of the system, minimize inflow and infiltration, reduce the occurrence of sewer system overflows and combined sewer overflows. In the Parkview neighborhood, approximately 21,200 linear feet of sanitary sewer will be rehabilitated with a Cured-In-Place Pipe-liner (CIPP). In addition, 108 manholes will be rehabilitated and over 400 T-liners will be installed and 53 services grouted to rehabilitate the connection to the sewer main. In the Downtown business district, approximately 3,800 linear feet of sanitary sewer will be rehabilitated with CIPP. In addition, 2,800 linear feet of 60-inch and 66-inch trunk storm sewer, 1,600 linear feet of 12-inch, 15-inch and 18-inch storm sewer, and separation of combined sanitary and storm sewer systems at seven different locations will be constructed to reduce the occurrence of combined sewer overflows. In the Forest Park neighborhood, approximately 27,000 linear feet of sanitary sewer will be rehabilitated with CIPP. In addition, 300 manholes will be rehabilitated and 295 T-liners will be installed and 675 services grouted to rehabilitate the connection to the sewer main.</p>	14,601,968.55	10,822,284.18	4,680,357.21	43.00	12/1/2020
Joliet	<p>This loan will fund the City of Joliet's 2019 Sanitary Sewer Rehabilitation Project. This is year three of a five-year program. The goal of the program is to increase the structural integrity of the system, minimize inflow and infiltration, reduce the occurrence of sewer system overflows and combined sewer overflows. In the Rock Run and West Park interceptors portion of the project approximately 13,800 linear feet of 30-inch and 48-inch pipe will be lined. 111 manholes will also be rehabilitated. The Belmont interceptor sewer will be replaced by installing approximately 6,610 linear feet of 24-inch sanitary sewer and 32 manholes. Approximately 20 linear feet of 8-inch and 30 linear feet of 15-inch storm sewer will also be installed.</p>	0.00	0.00	4,225,880.31	0.00	12/26/2020

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Joliet	<p>Loan L175412 will fund work at both the City of Joliet Aux Sable Creek Basin and Westside Wastewater Treatment Plants.</p> <p>The work at the Aux Sable Creek Basin Wastewater Treatment Plant includes construction of wastewater treatment facility grit removal system, selectors, oxidation ditch modifications, splitter structure modifications, final clarifiers, chemical feed building, UV disinfection modifications, RAS pumping modifications, aerobic digester covers, biosolids mixing modifications, and a biosolids storage tank. The work includes site work, yard piping, structural, architectural, process piping and equipment, plumbing, heating, ventilation, air conditioning, electrical and instrumentation and control.</p> <p>The work at the Westside Wastewater Treatment Plant includes construction of wastewater treatment facility chemical feed building and associated piping. The work includes site work, yard piping, structural, architectural, process piping and equipment, plumbing, heating, ventilation, air conditioning, electrical and instrumentation and control.</p>	19,315,055.00	2,418,304.98	1,693,523.57	70.00	9/20/2019
Joliet	<p>This loan is part of a five year water distribution system rehabilitation program. The first loan was L175427. The program will rehabilitate approximately 1% of the system each year. Loan numbers for subsequent years are as follows: L175428-2018, L175429-2019, L175430-2020 and L175431-2021.</p> <p>This loan will fund the City of Joliet's 2018 Water Main Improvements project. This project will increase water main capacity, decrease water main breaks, and improve fire flows. The Jefferson Street/Essington Road project includes the rehabilitation of approximately 2,800 lineal feet of water main with cured-in-place pipe liner (CIPP) and the replacement of 260 lineal feet of water main. In the Marycrest neighborhood, approximately 10,100 lineal feet of 6-inch water main will be replaced with 8- to 10-inch water main. In addition, 191 water services will be replaced and 30 new fire hydrants will be installed. In the Raynor Park neighborhood, approximately 6,300 lineal feet of 6-inch water main will be replaced with 8- to 10-inch water main. 117 water services will be replaced and 18 fire hydrants will be installed. The Schriber Avenue project includes the replacement of approximately 1,600 lineal feet of 4- and 6-inch water main with 6- and 8-inch water main. In addition, 38 water services will be replaced and 6 fire hydrants will be installed.</p>	5,830,195.90	748,083.82	16,249.09	2.00	12/15/2018
Joliet	<p>This loan will fund the third year of a five-year water distribution system rehabilitation program. The program will rehabilitate approximately 1% of the system each year. The loan for the first year, 2017 was L175427. The loan for the second year, 2018 was L175428. L175430 is scheduled for May 2020 and L175431 is scheduled for May 2021. Project inventory includes the installation of approximately 492 feet of 6-inch water main; 19,965 feet of 8-inch water main and 6,744 feet of 12-inch water main.</p>	7,730,333.76	7,730,333.76	5,274,416.08	68.00	12/15/2019
Joliet	<p>This loan will fund year four, of the five-year drinking water distribution system rehabilitation program. The program will rehabilitate approximately 1% of the system each year.</p> <p>The 2020 work on the drinking water distribution systems in the Raynor Park & Ridgewood areas includes the replacement of approximately 26,500 linear feet (LF) of various size water main. An estimated 700 water service connections, along with 16,700 LF of copper service lines of various sizes will also be replaced. Along Mills Road, 2,750 LF of 12" water main will be lined. Associated site grading, paving, roadway and parkway restoration is also included in the scope of work.</p>	0.00	8,008,420.15	6,012,839.23	75.00	12/23/2020
Kinkaid-Reed's Creek Conservancy District	<p>Construction of a new bulk carbon feed system along with a new building for the system.</p>	363,200.00	363,200.00	269,466.05	74.00	5/19/2020
Kirkland	<p>The project consists of stormwater improvements to part of Bull Run Creek, which includes: excavation of approximately 23,076 cubic yards of soil, shaping and regrading to construct 3.7 acres of compensatory storage/additional low elevation wetland areas that will be restored with native water tolerant species; construction of approximately 884 lineal feet of rock toe streambank protection and inlet and pipe protection, removal of existing storm sewer, tree removal, install storm sewer; and erosion control.</p>	0.00	571,486.74	452,821.68	79.00	6/1/2020

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Kishwaukee Water Reclamation District	The project consists of Phase IB Improvements to the District's wastewater treatment plant. Project specifics include modifying existing piping to pump to the new biological processes and flow in excess of the DMF to excess flow facilities; providing new circular primary clarifiers and new primary sludge pumping facilities for the full DMF; providing a new activated sludge process to meet anticipated ammonia limits and a 1.0 mg/L phosphorus limit; new circular final clarifiers for the full DMF; a new RAS/WAS pump station with RAS at 100% of the DAF; convert three existing primary settling tanks to excess flow clarifiers; a new building to house aeration system turbo blowers and primary/fermenter sludge pumps; new, separate treatment of WAS thickening filtrate and dewatering centrate (sidestream treatment) to reduce ammonia load to the activated sludge process; new primary sludge fermentation facilities to produce VFSs for the biological phosphorous removal process; selective upgrading of the existing Supervisory, Control, and Data Acquisition (SCADA) system for monitoring and control of the new facilities; extend the existing non-potable water (NPW) system to the new complete treatment system with new pumps, piping, valves, and hydro-pneumatic tank within an existing building; a new building to house electrical switchgear, automatic transfer switch, and dual fuel (natural gas and biogas) generator; a new building to house the laboratory, locker rooms, conference/break room, mechanical room, network room, GIS/printer room, administrative offices, reception area and board room. Implementation of the project also calls for the rental of two buildings and a lot to temporarily house the existing administrative operations and construction equipment.	53,055,766.00	17,184,777.03	11,390,123.57	66.00	4/8/2021
Lebanon	The project consists of WWTP upgrades including a new influent screening building and flow splitter, 3 sequencing batch reactor (SBR) basins with post equalization, tertiary filtration building with new cloth disk filters, new blower building, sludge dewatering building, sludge storage canopy, and other appurtenances.	12,495,960.00	9,768,518.00	5,477,159.75	56.00	1/31/2021
Liberty-Ledford Water District	This loan covers the installation of approximately 480 lineal feet (LF) of 4-inch and 21,000 LF of 8-inch diameter water mains, 450 water meters, and other appurtenances.	0.00	1,019,244.50	204,684.80	20.00	5/7/2021
Libertyville	With receipt of this loan, the Village of Libertyville will add equipment to the existing waste water treatment plant (WWTP) facilities that will enable chemical removal of phosphorus from the wastewater. Work will include the construction of a new chemical feed building with a chemical unloading/receiving station; chemical metering pumps and piping; indoor bulk chemical storage tanks with secondary containment and associated electrical instrumentation, including controls.	0.00	1,717,312.00	636,729.83	37.00	9/15/2020
Lockport	Construct a 1,000 gallon per minute (gpm) ion exchange water treatment plant which includes installation of: three 412.5 gpm ion-exchange vessels, brine regeneration system, gas chlorination system with two chlorinators, scale, venting system, scrubber, piping and controls. Install approximately 757 linear feet of 12-inch diameter water main, 72 linear feet of 8-inch diameter water main, and 80 linear feet of 6-inch diameter water main. Project also includes a standby diesel generator and all related appurtenances.	0.00	3,967,300.00	2,081,634.33	52.00	12/17/2020
Lombard	This loan will fund the installation of approximately 10,800 residential water meters and convert those meter accounts to automated meter infrastructure (AMI) technology. The scope of work includes, but is not limited to, providing and installing new water meters, registers, transmitting modules, receiver base stations, upgraded accounting software, and network transceivers/repeaters. This is the final component of a completely operational fixed network radio frequency automatic meter reading system in the Village of Lombard.	3,854,828.82	1,090,178.67	764,848.35	70.00	5/23/2019
Lovington	The proposed project consists of water meter replacement throughout the Village, replacement of media within filters and softeners at the water treatment plant, replacing valves within the water treatment plant, install approximately 3,600 feet of water main, and site restoration. An IEPA construction permit is required for water main extension/replacement. IEPA Permit Number 0245-FY2020.	0.00	650,000.00	477,938.90	74.00	11/15/2020
Lyndon	The project consists of the installation of 2,164 lineal feet of 6-inch water main, the rehabilitation of the 50,000 gallon elevated water storage tank, the rehabilitation of Well #1, along with all the necessary appurtenances.	0.00	525,742.68	568,266.46	100.00	12/31/2019
Marion	The proposed project includes: construction of 6,350 linear feet of 6-inch diameter water main and tank control valve and vault, replacement of a high service pump and high service pump building, installation of variable frequency controls, a new SCADA system and a back up emergency generator. This project will also include all related appurtenances and restoration to make the project complete and operational.	0.00	889,863.25	670,225.35	75.00	4/30/2021
Marion	Repair, repainting, and containment of the 500,000-gallon elevated water storage tank located at the water treatment plant on North Madison Street and all related appurtenances.	0.00	601,410.00	253,148.75	42.00	11/27/2020

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McHenry	The project consists of the improvements to the South WWTP which include an influent pump station having three pumps each rated with a capacity of 2,083 gpm at 40 ft of TDH, new microscreens, three new sequencing batch reactors, high rate clarification system, two disk filters, UV disinfection, a new sludge dryer, a lift station for the sequencing batch reactors having 3 pumps (two with a rated capacity of 2,083 gpm and one rated at 1,111 gpm at 23.8 ft of TDH, 609 ft of 18-inch force main and all the necessary appurtenances to make the project complete and operational.	33,600,000.00	1,359,238.74	289,149.43	21.00	1/5/2018
Merrionette Park	The project includes the replacement of 125 Lead Service Lines within the Village.	0.00	1,121,114.65	233,754.20	21.00	6/13/2021
Metropolitan Water Reclamation District of Greater Chicago	At the Calumet Water Reclamation Plant (WRP), two existing Calgon P-3000 carbon odor control units will be replaced with a Bio-Trickling Filter. There will be new ductwork and covers will be installed at the valve vault chamber. At the Kye WRP, one of the Calgon P-3000 carbon units removed from Calumet WRP will be re-installed at Airlift Station A-1. This will replace the older odor control unit at Kyrie WRP. At the Hanover WRP, the second Calgon P-3000 carbon unit removed from Calumet WRP will be re-installed at the coarse screen building to treat the exhaust. New ductwork will be installed in several buildings, new covers will be installed on the grit tanks, and the older existing system will be demolished.	4,216,511.00	4,216,511.00	758,400.00	18.00	8/28/2020
Metropolitan Water Reclamation District of Greater Chicago	The project consists of the rehabilitation of 5,100 l.f. of 10 to 27-inch diameter sewer, 27,699 l.f. of elliptical sewer, 72 standard manholes, 4 drop manholes, 5 drop connections, two junction chambers, and all the necessary appurtenances.	45,056,403.43	2,783,603.43	502,300.00	18.00	11/12/2018
Metropolitan Water Reclamation District of Greater Chicago	The project consists of six replacement pumps with a rated capacity of 50,000 gpm at 375 TDH to serve existing flow located at East 130th Street/east of South Indiana Avenue with discharge to an existing wet well tributary to the MWRDGC Calumet Water Reclamation Plant. There will also be a low pressure steam line constructed from the High Level Influent Pump Station to the TARP Pump Station, along with all the necessary appurtenances, grading and site work. This work is covered by IEPA Construction Permit Number 2012-IB-0863.	32,893,059.00	286,359.00	262,000.00	91.00	5/19/2018
Metropolitan Water Reclamation District of Greater Chicago	This project consists of the rehabilitation of portions of the A/B Service Tunnel and portions of the C/D Service Tunnel, Phase 2. This project is also known as Contract 04-132-3D. Specific improvements being made are: - Rehabilitation of approximately 200 l.f. of the A/B service tunnel, 135 l.f. of the C/D service tunnel, and 150 l.f. of the connecting tunnel. - Installation of a waterproofing membrane and drain tile system along the rehabilitated segments of the A/B and C/D service tunnels. - Modifications and upgrades to the A/B and C/D service tunnel ventilaiton system, including electrical feeds, fans, and ductwork. - Relocation of electrical, mechanical, and process utilities inside the A/B and C/D service tunnels and the connecting tunnel. - Repair and insulate the Battery A, B, C, and D air mains inside the rehabilitated segments of the service tunnels. - All the necessary site work and restoration to make the project complete and operational.	21,111,910.00	1,896,810.00	150,400.00	8.00	7/9/2019
Metropolitan Water Reclamation District of Greater Chicago	The project consists of the replacement of two existing bar screens with two new bar screens. Each bar screen is rated for a maximum flow of 150 mgd. There will also be a new single bar screen cleaning mechanism installed.	13,105,926.00	1,247,426.00	305,800.00	25.00	2/28/2019
Metropolitan Water Reclamation District of Greater Chicago	This project will completely overhaul Pump #8 in the North Pump House of the Mainstream Pumping Station. This overhaul involves: - Replacing, rehabilitating and/or modifying auxiliary pump and motor systems. - Replacing the existing motor exciter subpanel. - Removal and refurbishing of Discharge Valve DV-8. - Overhauling the pump and motor and replacing the existing parts with new parts or refurbishing parts so they can be reused. - Rehabilitating the stator and field windings. - All the necessary site work and restoration to make the project complete and operational.	4,664,355.00	882,655.00	392,400.00	44.00	6/21/2018
Metropolitan Water Reclamation District of Greater Chicago	The project consists of the following improvements: Replace existing 13.2 kV switchgear with arc resistant switchgear rated at 15 kV; Replace all secondary power cables; Replace the medium voltage cables between substation D799 and Electrical Manhole 2; Replace existing station transformers and direct current distribution panel; Replace the existing distributed control system wiring; Integrate the new switchgear to the distributed control system; Construct arc blast walls in Electrical Manhole 1; Install a new air handling unit to help regulate the temperature and humidity inside the building, and; All the necessary site work and restoration to make the project complete and operational.	12,449,200.00	5,210,100.00	862,600.00	17.00	1/4/2019

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Metropolitan Water Reclamation District of Greater Chicago	This project will rehabilitate the Calumet Intercepting Sewer 19F. The following improvements will be made: rehabilitate 14,051 feet of 60-inch sewer by cured-in-place pipe lining, rehabilitate 23 manholes and one junction structure by spray-on products, along with all the necessary appurtenances to make the project complete and operational.	12,746,856.36	1,058,556.36	313,900.00	30.00	9/12/2020
Metropolitan Water Reclamation District of Greater Chicago	Conversion of the existing gravity concentration tanks to utilize for phosphorus removal, including miscellaneous associated piping, electrical equipment, and all the necessary ancillary appurtenances to make the Stickney Water Reclamation Plant complete and operational.	5,374,017.79	365,117.79	137,200.00	38.00	12/4/2018
Metropolitan Water Reclamation District of Greater Chicago	This project consists of the construction of 5,414 feet of 240-inch combined sanitary sewer to serve as a relief sewer with discharge to the McCook Reservoir and tributary to the Stickney Water Reclamation Plant. This loan is the second loan and will fully fund project L175342, Contract 13-106-4F.	33,382,100.00	28,281,000.00	2,544,300.00	9.00	2/10/2021
Metropolitan Water Reclamation District of Greater Chicago	The project consists of the installation of gas moisture removal equipment including a chiller, air-cooled condenser, air-cooled fluid cooler, pumps, heat exchanger, de-mister, drip trap, sediment trap, controls, piping and all the necessary appurtenances to make the project complete and operational.	4,000,000.00	1,492,200.00	879,400.00	59.00	10/2/2018
Metropolitan Water Reclamation District of Greater Chicago	This project includes excavation to create a 600 acre-foot flood control reservoir and the installation of all the necessary appurtenances such as control structure, inlet structure, spillway piping and a pumping station. This project is located in Bellwood just north of Washington Boulevard and east of Addison Creek.	65,063,632.25	65,063,632.25	6,869,900.00	11.00	3/22/2022
Metropolitan Water Reclamation District of Greater Chicago	The project includes the rehabilitation of the North Branch Pumping Station. Repairs will be made on the concrete columns, concrete deck, walls, and stairs. Rip-rap around the structure will also be redone as well. All equipment is being installed to replace older worn out pieces of equipment that have reached the end of their useful life.	4,713,743.50	4,713,743.50	1,362,300.00	29.00	1/3/2020
Monee	The project consists of a new 500,000 gallon elevated water tank, new well rated for 700 gallons per minute, installation of a SCADA system and demolition of the existing 50,000 gallon elevated water tank after the new tank is online.	0.00	4,398,850.74	2,820,403.00	64.00	10/31/2020
Montgomery	The Village of Montgomery intends to replace lead service lines throughout the community. They will replace approximately 105 lead service lines within the Marviray Manor subdivision. This project may help to alleviate some lead exposure in the community.	0.00	1,000,000.00	750,380.08	75.00	10/30/2020
Morton Grove-Niles Water Commission	This loan will fund the construction of approximately 48,000 linear feet of new water transmission main (16-30 inch diameter); two pump stations; one 7-million gallon standpipe; and the rehabilitation of approximately 14,000 feet of 20-inch water main. The work will allow the City of Evanston to supply the Villages of Morton Grove and Niles with drinking water.	75,186,071.44	12,807,039.67	13,886,577.99	100.00	1/29/2021
Mound Public Water District	Construction of approximately 14,336 linear feet of 4-inch diameter and 2,073 linear feet of 6-inch diameter water mains. This project also includes replacement of the existing softener with a new same size softener, face piping, all plant piping downstream from the high service pumps, a new brine line and all related appurtenances and restoration to make the project complete and operational.	0.00	1,287,350.28	991,272.42	77.00	1/6/2021
Mount Carmel	This loan will fund new fine bubble aeration equipment that will allow the City to achieve compliance with the ammonia limits in their National Pollutant Discharge Elimination System (NPDES) permit. The new extended aeration basins will have 490 – nine-inch diffuser discs and the aerobic digester will have 357 discs, for a total of 1,337 diffuser discs. A backup electric generator is also included in the scope of work. This work is identified as Contract A. The current outfall pipe will be relocated. Work will consist of the installation of 3,650 feet of 36-inch high-density polyethylene (HDPE) sewer line, 8 sanitary sewer manholes, and a new river outfall structure. This work is identified as Contract B.	1,626,200.35	536,270.69	152,650.92	28.00	10/31/2020
Mount Carroll	Construction of a new wastewater treatment plant which will include a new vertical screen; four pumps rated at 512 gallons per minute (GPM) each; a vortex grit chamber; grit classifier; three 40 HP blowers; a 300 lb./hr sludge belt press; an activated sludge plant with a Bio-P fermentation zone; a Bio-P selector tank; two first stage aeration tanks; two second stage aeration tanks; and two third stage aeration tanks; four clarifiers; two digesters; a sludge storage tank; 48 UV lamps; two effluent pumps rated at 905 gpm; and a 475,000 gallon equalization tank. This project will also include the abandoning and demolishing of the existing wastewater treatment facility. Center Street Lift Station upgrades will include two 380 gpm pumps, new controls, and a standby generator. Upon completion of this project the new treatment plant will have a Design Average Flow of 0.36 MGD and a Design Maximum Flow of 1.3 MGD.	0.00	13,303,600.00	2,858,261.39	21.00	3/6/2021

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Mount Vernon	Repaint and modify existing Opdyke Elevated Tank to include new ladders, hatches, vent, railing, and necessary appurtenances.	0.00	792,997.00	789,650.00	100.00	12/9/2019
Murdale Water District	The project entails the removal and replacement of approximately 1,450 lineal feet of watermain under a floodplain; the installation of two SCADA control systems; hydrant replacements; the addition of a generator at the Hickory Ridge Pump Station; and the installation of 3,000 lineal feet of watermain on Maple Springs Road to serve new customers.	0.00	803,535.99	428,231.02	53.00	12/7/2020
New Lenox	Installation of approximately 11,361 linear feet of 12-inch diameter water main, 1,458 linear feet of 8-inch diameter water main, 470 linear feet of 6-inch diameter water main, and approximately 20 linear feet of 4-inch diameter water main to increase reliability of the water mains located along Cedar Road.	4,501,768.02	1,072,285.13	286,447.22	27.00	6/30/2019
New Lenox	Construction of approximately 6,901 linear feet of 12-inch diameter water main, 463 linear feet of 8-inch diameter water main, 295 linear feet of 6-inch diameter water main, and 70 linear feet of 4-inch diameter water main and all related appurtenances to make project complete and operational.	0.00	4,425,867.17	2,211,049.98	50.00	5/28/2021
North Shore Water Reclamation District	The project consists of the rehabilitation of digesters 1 and 4 at the Clavey Road Water Reclamation Facility. Additionally, the District will replace relief valves, covers, manways, and hatches in order to prevent odor leaks and help decrease required maintenance on the digesters.	0.00	1,197,739.62	309,839.40	26.00	8/1/2020
North Shore Water Reclamation District	This project includes the rehabilitation of approximately 80 feet of 36-inch forcemain. The existing segments of forcemain were inspected and shown to have joint mortar deterioration, broken wire wraps, and leaking issues. This project will help to ensure the integrity and extend the useful life of the collection system.	0.00	1,668,600.00	495,000.00	30.00	4/8/2020
North Shore Water Reclamation District	The project is for the rehabilitation of approximately 1,962 feet of sanitary sewers, ranging in size from 8-inches to 54-inches, along with multiple manholes. The rehabilitation will consist of spot lining, chemical grout repair to joints, and full lining where needed.	0.00	2,564,270.41	502,964.10	20.00	3/30/2021
Oak Lawn	This project is the second of several upgrade and improvement projects to the Oak Lawn Regional Water System. Specifically, this project labeled "Modifications at Reich and Harker Complexes and Points of Delivery" includes the following improvements at the Reich Complex: Construction of a new Southern Pressure Zone Pumping Station with pumps, meters, surge tank, chlorine feed system, piping, controls, and a hydroelectric turbine, standby power generator, surge protection system, repairs to the concrete and joints of reservoirs and wet wells, chlorine gas scrubber, reservoir interconnections and modifications, groundwater dewatering system, roof replacement of the Northern Pressure Zone Pumping Station, security and surveillance systems, fencing, piping, sitework and restoration. The Harker Complex will include improvements to security and surveillance systems. The project will also include system-wide improvements regarding piping and flow control at the points of delivery and a Supervisory Control and Data Acquisition (SCADA) system.	27,631,015.00	298,769.06	1,375,788.93	100.00	2/29/2020
Oak Lawn	Installation of approximately 11,935 linear feet of 60-inch diameter water main and all related appurtenances and restoration.	26,047,057.29	6,130,339.70	5,217,773.52	85.00	12/20/2019
Oak Lawn	Installation of approximately 26,364 linear feet of 60-inch diameter water main; 102 linear feet of 30-inch diameter water main; 234 linear feet of 24-inch diameter water main; 112 linear feet of 16-inch diameter water main and 2,602 linear feet of 10-inch diameter water main.	0.00	62,928,469.68	16,488,803.88	26.00	3/10/2023
Olmsted	The proposed project consists of improvements and increasing the capacity of the water treatment plant (WTP) by 50 percent, and construction of approximately 4,800' of water main. This will include: the removal and replacement of well pumps, aerators, high service pumps, clearwell, and controls; construction of a chemical feed room addition with necessary piping, valves, fittings, and electrical; install an emergency electrical generator; and construction of 4,800 linear feet of 4-inch diameter PVC water main, one pressure connection, one flush hydrant, and two meters and water service lines.	0.00	800,000.00	631,187.29	79.00	6/5/2020

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Oneida	The project consists of lining approximately 28,045 linear feet of sanitary sewer ranging from 8-inches in diameter to 12-inches in diameter, manhole rehabilitation, and miscellaneous point repairs all to improve the structural integrity for this portion of the City's collection system.	971,205.52	741,219.29	705,522.96	95.00	7/5/2019
Oregon	Proceeds from this loan will be utilized for the City-wide sewer rehabilitation program, which will consist of cured in place lining and spot repairs for approximately 21,697 lineal feet of sanitary sewer. In addition, approximately 30 manholes will be lined, and 10 manholes replaced. No construction permit is required for this work.	0.00	1,949,990.46	1,069,043.47	55.00	9/2/2020
Oregon	Proceeds from this loan will fund the installation of approximately 63 feet of 4-inch; 139 feet of 6-inch; 6,354 feet of 8-inch and 836 feet of 12-inch water mains. Site restoration activities in addition to 16 hydrants and 24 gate valves are also included.	0.00	2,023,600.65	1,683,437.50	83.00	6/8/2020
Oregon	This loan will fund Phase 3 of a system wide water main replacement and looping program. Proceeds from this loan will fund the installation of approximately 3,609 feet of 4-inch, 6-inch, 8-inch, and 12-inch water mains. Site restoration activities in addition to 9 hydrants and 19 gate valves are also included.	0.00	1,288,539.67	519,430.26	40.00	2/1/2021
Orient	Rehabilitation of all 10 pump station wet wells including new pumps, new pipe guide rails, discharge piping, pump bases, stainless steel or epoxy coating for various components and walls plus other various pump station improvements.	170,743.30	170,743.30	113,804.44	67.00	1/31/2020
Palmer	Install approximately 276 linear feet of 6-inch diameter and 6 linear feet of 4-inch diameter water main. At the water treatment plant install two 28 gallon per minute horizontal pressure filters with piping and controls. The project will also include installation of a sodium hypochlorite feed system with two chemical feed pumps and a fluoridation system consisting of a chemical feed pump, scales, piping, controls and appurtenances. In addition, the project will include rehabilitation of the elevated water tower which will include safety upgrades for safe access for maintenance purposes and cleaning, prep, and painting the interior and exterior of the water tower to include the logo.	0.00	828,279.88	561,660.63	68.00	3/7/2021
Pontiac	This loan is for the conversion of the existing activated sludge WWTP to a biological nutrient removal process plant. Construction includes the installation of a new fine screen rated at 8.5 MGD, four influent pumps, new secondary clarifier, vortex grit trap, additional phosphorus removal with chemical precipitation, two sludge drum thickeners, a dewatering screw press, existing chlorine contact tank upgrades, tertiary filter upgrades, primary and secondary digester improvements, chlorination and dechlorination improvements, new blowers, rehabilitation of other treatment system units, associated pumps, piping revisions, valves, and other appurtenances. Additionally, the Fairview, North Division, and Airport Road pump stations (PS) will be upgraded with pumps and other needed improvements including a new force main of approximately 1,634 feet from the Airport Road PS to the WWTP with five other PS's receiving necessary rehabilitation. Other construction includes upgrades to CSO PS and CSO storage facility, roadway improvements at the WWTP site, additional storage building, and other necessary appurtenances.	0.00	42,774,250.00	4,842,740.81	11.00	12/14/2022
Quincy	Reconfigure the existing aeration tanks to provide 2 anoxic zones and 2 aerated zones; install a diffused aeration system within the aeration tanks with 3 new blowers and modify the existing return activated sludge pumps and slide gates. No NPDES Permit modifications will be needed as part of this project.	0.00	5,142,561.34	379,030.83	7.00	1/12/2021
Quincy	This project includes construction of a solids contact clarifier, a lime feed system, a lime sludge pumping system, modifications to the piping in the high service and low service pump rooms, replacement of high service pump #11, modification of high service pump #12, rehabilitation of high service pump #14, installation of a new carbonic acid feed system, rehabilitation of the Chestnut Pump Station and all related appurtenances.	3,420,688.28	2,515,437.47	2,025,726.60	81.00	10/1/2019

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Rochelle	The City is proposing to upgrade aging and deteriorating equipment, while at the same time improving the operation of the water reclamation plant in order to meet effluent water quality standards. This project will convert the existing single stage nitrification activated sludge process to biological nutrient removal (BNR). A key component of the conversion is the existing anaerobic pretreatment lagoon: which will be cleaned-out and restored. Restoration of the lagoon includes a new liner; new cover; new biogas collection system; and biogas flare system restoration. The System 1 Lift Station, is being converted to a submersible pump station to ensure smooth operation of the anaerobic lagoon. The mechanically cleaned screen and grit washer are being replaced to improve the removal of screenings and grit to protect the new BNR system. A new administration building, which will include a new Control Room, is also part of this project. The building will house all staff and vehicles. The city will repurpose two 180' diameter trickling filter slabs to store and dry sludge, which will then be land applied. A new SCADA system will provide operational control and monitoring of the water reclamation plant treatment processes and the sanitary sewer system lift stations. Fiber optic line installation will allow system communication and control at remote buildings on the plant grounds. The Cleveland #2 lift station will be eliminated and replaced with a 15" diameter gravity sanitary sewer that will be tributary to the Jack Dame Drive lift station.	0.00	7,000,000.00	1,393,564.39	20.00	3/21/2021
Rochelle	The project consists of the construction of a new 1,300 gallon per minute radium removal water treatment plant for water supply well number 11; raising the top of well number 11's casing by two feet, to be above the 100-year flood level; installation of an emergency electrical generator; and construction site restoration.	3,345,195.00	149,087.45	73,898.30	50.00	2/15/2019
Rochelle	The proposed project consists of a new 1,300 gallon per minute radium removal water treatment plant (WTP) for water supply well #12, which includes: treatment plant building, pressure filters, chemical feed equipment, a 32,000 gallon backwash storage tank, a new well pump for well #12, piping, controls and necessary appurtenances; construction of 142 feet of 8-inch diameter, 1,038 feet of 10-inch diameter, and 2,868 feet of 21-inch diameter sanitary sewer to provide City sewer treatment for WTP backwash; and necessary construction site restoration.	0.00	3,079,395.04	2,778,318.87	90.00	10/14/2020
Rock City	The project entails upgrades/improvements to the Village's drinking water system, including the replacement of Well #1's pump; sandblasting and painting the exterior of the 32,000-gallon hydropneumatic storage tank; Well #1 building repairs and modifications; replacement of the water system controls; the installation of a standby generator with automatic transfer switch, the installation of 18 new gate valves in the water distribution system; and the installation of 10 fire hydrants.	0.00	523,300.43	301,215.67	58.00	11/30/2020
Rock Falls	The project consists of sewer lining and manhole rehabilitation, which includes: sewer cleaning, installation of approximately 4,200 lineal feet of cured-in-place structural pipe lining within existing 24-inch diameter sewer pipe, and rehabilitation of 12 manholes with spray-on liner.	938,937.80	938,937.80	624,246.03	66.00	11/6/2019
Rock Island	This loan will fund work associated with Combined Sewer Overflow's (CSO) outfalls 006 and 007. The work is a component of the USEPA approved Long Term Control Plan (LTCP). 006 - Partial separation of the existing CSO outfall basin that will convert it to a storm sewer outfall and eliminate sanitary sewer flows. Approximately 1,910 feet of 8-inch, 75 feet of 6-inch and 10 feet of 4-inch drinking water main in addition to site restoration work is included in the scope of the project. 007 - Relocation of existing outfall 007 from Blackhawk Road to 49th Avenue will include a new overflow structure with screening and disinfection, in addition, upgrades at the existing Black Hawk Lift station will increase its pumping capacity to allow for the outfall relocation.	8,368,015.79	2,433,399.51	2,390,703.34	98.00	6/15/2018
Rock Island	This loan will fund work associated the construction of a new drinking water filtration facility which will house eight new dual-media filters with a capacity of 12 million gallons per day. The new system will be connected to the existing pre-and post-filtration processes. The new facility will meet or exceed current regulatory standards and is designed to accommodate future changes to the treatment processes in response to future changes in regulations or raw water quality.	22,198,433.77	11,037,713.41	8,631,089.35	78.00	10/5/2020
Rock River Water Reclamation District	The project consists of the construction of a lift station, approximately 54 feet of 6-inch force main, 3,940 feet of 12-inch force main, 48 feet of 8-inch sanitary sewer, 80 feet of 14-inch sanitary sewer, 888 feet of 15-inch sanitary sewer, 70 feet of 18-inch sanitary sewer, 33 feet of 24-inch sanitary sewer, 7 manholes, the abandonment of the Winnebago WWTP and all the necessary appurtenances to make the project complete and operational.	1,897,576.23	303,639.94	229,118.29	75.00	3/31/2019
Rock River Water Reclamation District	The project consists of the rehabilitation of the sanitary sewer system with cured-in-place pipe lining. The lining will be for 58,494 ft. of sanitary sewers ranging in size from 6-inches to 24-inches along with manholes as needed. There will also be spot repairs made at various locations within the sanitary sewer collection system. This project will help keep inflow and infiltration out of the collection system as well as extend the systems useful life.	0.00	2,519,706.25	608,167.05	24.00	12/31/2020

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Rockford	The City of Rockford intends to replace Lead Service Lines throughout the community. They will replace approximately 480 lead service lines within the community. This project may help to alleviate some lead exposure in the community. This is phase1 of a multi-phased project.	0.00	2,000,000.00	1,187,708.31	59.00	6/1/2020
Rockton	Demolition of 150,000-gallon elevated storage tank and construction of a 400,000-gallon elevated water storage tank with approximately 700 linear feet of 12-inch diameter water main at Wagon Wheel Road. Rehabilitation and repainting of the Prairie Street Water Tower and all related appurtenances to make project complete and operational.	0.00	2,473,126.59	1,470,550.58	59.00	2/12/2021
Roselle	The project consists of a lift station having 3 pumps with a rated capacity of 370 gallons per minute at 100 feet TDH, 3,600 feet of 8-inch force main, 20 feet of 8-inch sanitary sewer, 1,281 feet of 10-inch sanitary sewer, 5 manholes, and all the necessary related appurtenances.	2,671,710.08	984,152.74	679,592.49	69.00	9/9/2019
Roselle	The project consists of the construction of a new 245,346 gallon aerobic digester, an additional belt filter press, two additional blowers each rated at 1,650 scfm, and all the necessary appurtenances.	2,498,145.00	300,192.46	240,117.54	80.00	2/28/2019
Roselle	The project consists of a lift station having 3 pumps with a rated capacity of 796 gallons per minute at 117 feet of TDH to serve as a replacement of the existing lift station located on Plum Grove Road. There will also be electrical, piping, and other necessary appurtenances to make the project complete and operational.	2,119,245.00	1,930,444.51	1,278,183.76	66.00	4/15/2020
Saline Valley Conservancy District	The project consists of the construction of 3 new wells (#9, #10, and #11), approximately 300 feet of 10-inch diameter water main, approximately 3,500 feet of 16-inch diameter water main and other related appurtenances.	0.00	0.00	1,060,657.52	0.00	8/13/2020
Salt Creek S.D.	The project entails Phase 5 Improvements to the Salt Creek Sanitary District's wastewater treatment plant digestion facilities. Specifics of the project include the installation of 3 sludge recirculation pumps, sludge grinders and mixing equipment, installation of mechanical screening equipment and miscellaneous associated piping and electrical equipment along with all necessary ancillary appurtenances.	8,135,738.00	161,534.21	161,534.21	100.00	11/30/2018
Savanna	The city of Savanna will use the proceeds from both Water Pollution Control Loan Program (WPCLP) and Public Water Supply Loan Program (PWSLP) loans for an economic development project that will reconstruct Wacker Road and designate it as a marked truck route from IL-84 to the Easterly City limits. These changes include widening the roadway; sidewalk and larger diameter storm sewer installation. The roadway will be significantly lowered to meet design criteria for drainage. The roadway reconstruction will impact all the utilities in the right-of-way. The WPCLP portion of the project, L175546 (\$559,910.84), will include reconstruction of roughly 1,420 linear feet (LF) of 12" sanitary gravity sewer; extend the gravity sewer from Iris Street to Maple Lane; connect roughly 60 LF of 8" force main to the new gravity sewer at Maple Lane; abandon the force main from Maple Lane to Highway 84 and 6 new concrete manholes. The PWSLP portion of the project, L175547 (\$987,148.54), will include relocation and reconstruction of roughly 1,900 LF of 12" water main; 2,000 LF of 8" water main; new fire hydrants and new water services from the public right of way to the property lines	0.00	559,910.64	257,297.62	46.00	5/29/2020
Savanna	The city of Savanna will use the proceeds from both Water Pollution Control Loan Program (WPCLP) and Public Water Supply Loan Program (PWSLP) loans for an economic development project that will reconstruct Wacker Road and designate it as a marked truck route from IL-84 to the Easterly City limits. These changes include widening the roadway; sidewalk and larger diameter storm sewer installation. The roadway will be significantly lowered to meet design criteria for drainage. The roadway reconstruction will impact all the utilities in the right-of-way. The WPCLP portion of the project, L175546 (\$559,910.84), will include reconstruction of roughly 1,420 linear feet (LF) of 12" sanitary gravity sewer; extend the gravity sewer from Iris Street to Maple Lane; connect roughly 60 LF of 8" force main to the new gravity sewer at Maple Lane; abandon the force main from Maple Lane to Highway 84 and 6 new concrete manholes. The PWSLP portion of the project, L175547 (\$987,148.54), will include relocation and reconstruction of roughly 1,900 LF of 12" water main; 2,000 LF of 8" water main; new fire hydrants and new water services from the public right of way to the property lines	0.00	987,148.60	660,081.69	67.00	5/29/2020

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Sesser	The project consists of the replacement of approximately 800 feet of sanitary sewer with new 15-inch sanitary sewer, lining of approximately 3,050 feet of sanitary sewer ranging from 8-inches in diameter up to 12-inches in diameter, manhole lining, and other appurtenances to improve the structural integrity of the aging sanitary sewer trunk line.	103,936.00	49,194.10	26,229.24	53.00	7/10/2019
Shannon	Drill and complete Well #5, construction of a Wellhouse for Well #4 and Well #5, construct 4,539 linear feet of 8-inch diameter water main and 345 linear feet of 6-inch diameter water main, construct 3 vertical pressure filters along with a fluoride, chlorine, phosphate feed system, and HMO filtration system to reduce radium levels, construct sewer connection of approximately 355 linear feet of 8-inch diameter PVC piping for backwash from the water treatment plant to the Village of Shannon Sewer Treatment Plant.	4,032,392.17	775,894.04	1,032,711.29	100.00	8/31/2021
Sheffield	The project consists of replacing water meters throughout the Village and elevated water tower rehabilitation. The tower rehabilitation activities consist of the installation of OSHA compliant railing, a screened flap gate, roof hatches, roof vent, interior ladder, mud valve, and recoating of the interior and exterior of the tower.	0.00	479,551.78	249,716.03	52.00	1/31/2021
South Beloit	The project consists of two screens, a grit chamber, four anaerobic selector tanks, the conversion of activated sludge plant #1 into an integrated fixed film activated sludge and bionutrient removal system. There will also be two secondary clarifiers, the conversion of activated sludge plants #2 and #3 into aerobic digesters, a ferric chloride feed system, three disk filters, two UV reactors, sludge screw press, lime stabilization sludge system, and three blowers each rated at 2,100 cfm.	38,994,395.00	34,453,239.96	11,777,978.26	34.00	9/1/2021
Sparta	The project consists of the decommissioning of the Northwest WWTP, and a brand new WWTP will be constructed adjacent to the Northwest plant. After the new plant is operational, the Southeast WWTP will be decommissioned as well. The City will rehab sanitary sewers within the collection system and a new lift station will be constructed near Hillcrest Avenue. Approximately 18,654 feet of forcemain ranging in size from 8-inches to 24-inches in diameter will be replaced throughout the system. Additionally, there will be approximately 7,142 feet of sanitary sewers installed ranging in size from 8-inches to 24-inches in diameter. This will also include all the necessary electrical, backfill, and appurtenances to make the project complete and operational.	16,837,405.33	12,485,712.95	7,892,965.82	63.00	12/30/2020
Spoon Valley Lake S.D.	This project includes the installation of approximately 16,400 feet of 8-inch diameter forcemain, rehabilitation of 2 lift stations, and construction of a new lift station rated at 320 gallons per minute.	1,615,432.96	533,250.52	223,032.13	42.00	7/8/2019
St. Charles	This loan will fund the construction of biological and chemical phosphorus removal facilities at the Eastside waste water treatment facility. Construction of a primary sludge fermenter, conversion of the existing aeration basins to anoxic/anaerobic basins; installation of internal pump stations (4 pumps each at 3,200 gallons per minute capacity), installation of chemical pumps and two 6,650-gallon chemical storage tanks; rehabilitation of the existing anaerobic digestion facilities include the installation of a new 122,195-gallon sludge storage tank. Miscellaneous associated piping and electrical equipment along with all necessary ancillary appurtenances will be included.	15,431,242.88	3,197,157.02	1,460,365.29	46.00	6/24/2019
St. Charles	Replacement of the existing lift station at the Northeast corner of South 7th Avenue and Division Street with a single wet well, a new valve vault, two pumps with a rated capacity of 320 gallons per minute, and 680 feet of 6-inch force main. Station will discharge to the existing 6-inch force main tributary to the St. Charles West Sewage Treatment Plant.	739,375.00	739,375.00	257,744.88	35.00	12/17/2019
Stillman Valley	The project consists of the installation of approximately 2,033 feet of 8-inch diameter watermain, approximately 159 feet of 6-inch diameter watermain, approximately 41 feet of 4-inch diameter watermain, service connections, surface restoration, and other appurtenances on Grant Street from Stillman Road to the east of Walnut Street.	0.00	0.00	400,009.37	0.00	10/21/2019
Stockton	Install approximately 2,655 linear feet of 8-inch diameter water main, 415 linear feet of 6-inch diameter water main, and 140 linear feet of 4-inch diameter water main to improve distribution system. Install back-up generator at Well #4 and Well #6.	773,374.67	655,874.67	735,345.90	100.00	5/29/2020
Stonington	Installation of two pressure filters; an ion exchange unit; a new SCADA system; a hydrofluosilicic acid feed system and approximately 110 linear feet of 8-inch diameter yard piping at the water treatment plant. This project will also include approximately 1,740 linear feet of 6-inch diameter water main along Maple and Main Streets and all related appurtenances and restoration.	0.00	1,356,782.35	339,459.87	25.00	8/3/2021

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2019 Series Only

Recipient	Project Description	Total Obligated as of 4/3/2019	Obligation Balance as of 4/3/2019	\$ Disbursed from 2019 Series	% Disbursed of 4/3/2019 Balance	Construction Completion Date
Streator	This project will replace existing combined sewers located along Center Street with separate sanitary and storm sewers within the City of Streator. It will involve the construction of 20 linear feet of 8-inch diameter sanitary sewer; 1,740 linear feet of 10-inch diameter sanitary sewer and 8 manholes. The project will also include 23 storm sewer manholes; 187 linear feet of 8-inch diameter storm sewers; 719 linear feet of 10-inch diameter storm sewers; 330 linear feet of 12-inch diameter storm sewers; 251 linear feet of 15-inch diameter storm sewers; 154 linear feet of 18-inch diameter storm sewers; 1,409 linear feet of 24-inch diameter storm sewers and all related appurtenances and restoration to make the project complete and operational. This project is part of the Long-Term Combined Sewer Overflow (CSO) Compliance Plan the City of Streator has been committed to implementing which will provide a complete separation of storm and sanitary sewers in the Coal Run Creek drainage basin.	0.00	1,718,210.40	783,406.10	46.00	8/7/2020
Sycamore	The City will expand the North treatment plant to a DAF of 4.9 MGD and a DMF of 12.42 MGD. The facility will be upgraded with the addition of a new grit removal facility, microscreens, four new sequencing batch reactor (SBR) basins, a new UV disinfection system to replace the existing chlorination/dechlorination process, and the installation of new chemical feed equipment for phosphorus removal.	20,853,989.00	20,853,989.00	6,520,467.98	31.00	1/31/2021
Taylorville	The project consists of the construction of a new 5.2 MGD water treatment plant complete with two bioreactors, two biofilters, two head tanks, two helical upflow clarifiers, one recarbonation unit, six filters, two ultraviolet units, two ground storage tanks, emergency generator, pumps, chemical feed, eight lime sludge lagoons, backwash lagoon, piping, controls and other appurtenances. The project also consists of modifying piping in Well house 2, 3, and 4, installing a new raw water pump at the Lake Pump Station, and other appurtenances.	25,574,900.00	5,875,722.92	4,767,911.96	81.00	6/1/2020
Thebes	Installation of 2 new high service pumps; sodium hypochlorite feed system with chemical feed pump, piping, and controls; sodium fluoride feed system with chemical feed pump, piping, and controls; new diesel standby generator and all related appurtenances and restoration to make project complete and operational.	0.00	661,078.30	423,513.44	64.00	10/31/2020
Thorn Creek Basin S.D.	The Project consists of installing cured-in-place-pipe (CIPP) suitable for sanitary sewers owned by Thorn Creek Basin Sanitary District located in the Villages of Crete, Steger and South Chicago Heights and City of Chicago Heights. The following approximate lengths and diameters: 38 feet of 18 inch diameter, 1,380 feet of 24 inch diameter, 3,135 feet of 30 inch diameter, 2,085 feet of 36 inch diameter, 3,317 feet of 42 inch diameter and 3,937 feet of 48 inch diameter. Work also includes but is not limited to sewer cleaning and televising, bypass pumping, site restoration and traffic control.	3,683,797.86	28,772.49	28,279.27	98.00	7/5/2018
T-L Rural Water District	The T-L Rural Water District will construct a 50,000-gallon elevated steel water storage tank at the Trivoli site; upgrade the Pleasant Grove pump station with two 130 gallons per minute (gpm) pumps and install a SCADA communications system. These improvements will replace the Trivoli 50,000-gallon ground storage tank, 100 gpm pump station and 5,500-gallon hydro-pneumatic tank. The Water District will also replace approximately 12,216 linear feet of 6" water main along Pleasant Grove Road.	0.00	1,304,313.65	923,944.02	71.00	7/15/2020
Vergennes	The project consists of water distribution improvements which includes: replacing approximately 4,400 linear feet of undersized water main with 4-inch polyvinyl chloride (PVC) water main and approximately 700 linear feet of water service lines; replacing valves, water service connections, 3 fire hydrants, and 10 water meters. This project also consists of providing granular backfill, traffic control, and construction site restoration.	0.00	117,673.26	94,496.17	80.00	8/14/2019
Victoria	The project consists of the replacement of all existing water mains throughout the Village, which includes: approximately 942 feet of 4-inch, 9,777 feet of 6-inch, and 4,580 feet of 8-inch water main; casing pipe; valves; hydrants; service main connections and water service pipe, trench back fill material; miscellaneous appurtenances and fittings; street and sidewalk repairs and replacement; traffic control and protection; and construction area restoration.	0.00	1,703,345.86	903,453.53	53.00	6/8/2020
Villa Grove	The project consists of constructing a new 500 gpm water treatment plant with 2 new well pumps, forced draft aerator with detention tank, 2 high service pumps, pressure filters, ion exchange vessels, sodium hypochlorite and fluoride feed systems.	4,647,590.00	636,053.73	620,038.81	97.00	6/28/2019
Washington	Funds will be utilized for Phase 2A Improvements at Sewer Treatment Plant (STP) No. 2. The project includes construction of an additional oxidation ditch and 65-foot diameter final clarifier; new influent pump for handling raw sewage; a new RAS pump; ultraviolet disinfection additions; and additional sludge dewatering equipment. In additions, improvements will be made to the excess flow lagoon. Associated structural, mechanical, electrical, SCADA, and other appurtenances will also be funded by the loan.	3,881,920.00	70,715.25	70,715.25	100.00	5/31/2018

**Illinois SRF - Project Obligation Balances
2019 Series Only**

Recipient	Project Description	Total Obligated as of 4/3/2019	Obligation Balance as of 4/3/2019	\$ Disbursed from 2019 Series	% Disbursed of 4/3/2019 Balance	Construction Completion Date
Wauconda	Construct a one million gallon ground storage tank and booster pump station with all related appurtenances. Install a softener bypass pipe at Well #4.	4,348,140.53	1,153,677.08	894,943.25	78.00	9/25/2020
Westchester	The project consists of the construction of approximately 350 linear feet of 10-inch sanitary sewer, approximately 618 linear feet of 24-inch sanitary sewer, approximately 4,020 linear feet of 30-inch sanitary sewer, 22 manholes, abandonment of existing manholes, traffic control, site restoration, and other appurtenances.	3,520,103.58	3,117,758.46	1,575,073.04	51.00	9/25/2019
Western Springs	The project entails upgrades/improvements to the Village's drinking water system, including the repainting of the interior and exterior surfaces of the village's 2,000,000 gallon standpipe; the replacement of 1,665 lineal feet of 8" watermain; the installation of a new water well; and the installation of water transmission main for the new well.	0.00	4,650,926.26	2,477,031.24	53.00	12/31/2019
Wheaton S.D.	This loan will fund the tertiary sand filter improvements at the Wheaton Sanitary District's waste water treatment facility. Work will include the removal of eight existing tertiary sand filters with a surface area of 372 ft2 and replacement with five disk filters with a total surface area of 7448 ft2; removal of the bypass weir in the tertiary filter building influent structure; repurpose the 42-inch bypass flow line for use as a tertiary filter feed line to supplement the existing 42-inch tertiary filter feed line. Two disk filters with a total surface area of 2980 ft2 will be put into temporary service during construction.	6,415,640.00	853,955.40	665,511.54	78.00	5/10/2019
Wheaton S.D.	This loan will fund the installation of six 4,900 gallons per minute effluent pumps and the construction of a UV Disinfection System designed to treat 19.1 million gallons of wastewater per day.	5,354,541.00	5,354,541.00	3,324,747.35	62.00	10/14/2020
Willisville	The project entails the construction of 5,505 feet of 4-inch water main and 4,295 feet of 6-inch water main along with new valves and fire hydrants to replace existing undersized water mains and inoperable valves and hydrants.	644,374.48	229,561.41	128,723.41	56.00	8/3/2019
Wilmette	The project entails the lining of approximately 43,000 lineal feet of 8 to 24-inch sanitary sewer lines via cured-in-place pipe (CIPP) methodology at various locations throughout the Village. The project is a continuation of the Village's ongoing sewer system rehabilitation program.	0.00	2,000,000.00	479,586.19	24.00	5/3/2020
Wilmette	The project consists of upgrades to the Wilmette Water Treatment Plant, including the replacement of the existing Main Electrical Switchgear, motor control centers (MCCs), and backup emergency generators.	8,766,790.53	7,409,787.87	5,829,568.17	79.00	7/15/2020
Wonder Lake	This project includes the replacement of approximately 1,570 water meters and miscellaneous appurtenances.	1,029,684.20	989,283.20	581,957.80	59.00	3/1/2021
Wonder Lake	The project consists of improvements to the east side water system consisting of a new water treatment plant (WTP), 500,000-gallon ground storage tank, pump station with 3 pumps, chemical feed equipment, standby generator, and approximately 6,100 feet of 12-inch diameter transmission water main and other appurtenances. The new WTP will include iron removal equipment, high service pumps, hydropneumatic tank, piping, controls, electrical, HVAC, treatment building, backwash tank, chemical feed systems, chlorination, emergency generator, fire pump, and other appurtenances.	0.00	5,827,000.00	5,400,530.22	93.00	10/21/2020

The projects on this list may be funded with Green Bonds or other funding sources such as federal grants or repayment funds. Any projects added to this list will also be eligible to be funded with Green Bond funds as well as the other funding sources.



Clean Water Initiative



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