

**SECOND AMENDMENT TO MEMORANDUM OF AGREEMENT  
(CLEAN WATER INITIATIVE)**

This Second Amendment to Memorandum of Agreement (this “Second Amendment”), dated as of September 1, 2016, is made and entered into by and between the Illinois Environmental Protection Agency, an agency of the State of Illinois (the “Agency”), and the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the “Authority”).

WHEREAS, the Agency and the Authority have entered into that certain Memorandum of Agreement (Clean Water Initiative) dated as of November 1, 2013 (as amended by the First Amendment to Memorandum of Agreement, dated as of June 30, 2014, the “Existing Memorandum of Agreement”, and as further amended by this Second Amendment, the “Memorandum of Agreement”);

WHEREAS, the Agency and the Authority (collectively, the “Parties”) believe it is appropriate and necessary to amend the Memorandum of Agreement to further clarify the duties and powers of each of them to further the objectives of the State of Illinois; and

WHEREAS, pursuant to Section XVII of the Memorandum of Agreement, the Parties agree to amend the Memorandum of Agreement as set forth below.

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the Parties agree as follows:

1. Definitions in Existing Memorandum of Agreement:

Words and terms which are defined in the Existing Memorandum of Agreement shall have the same meanings ascribed to them therein where used herein, unless the context or use indicated a different meaning or intent or unless a different meaning is ascribed to them herein.

2. Amendments to the Memorandum of Agreement Pursuant to Section XVII of the Memorandum of Agreement:

- a. *General.* Pursuant to Section XVII of the Memorandum of Agreement, any changes to the Memorandum of Agreement shall be incorporated in a written amendment to the Memorandum of Agreement. The amendments set forth below shall be effective upon the execution of this Second Amendment by the Agency and the Authority.
- b. *Amendment to Section I(A)(23).* Section I(A)(23) of the Existing Memorandum of Agreement is hereby amended in its entirety to read as follows (with revisions to the Existing Memorandum of Agreement shown as ~~strikethrough~~ for deleted language and underlined for added language):

In connection with a each Continuing Disclosure Agreement Undertaking ~~(the each, a~~ “Continuing Disclosure Agreement”) entered into by the Authority with respect to any Authority Bonds (as defined 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 Agency (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, and (b) include requirements in loan agreements obligating loan 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 loan participants become “Obligated Program Participants” under the 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 Agency) 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 Authority Bonds so that the Authority can give timely notice to the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access system (EMMA), that the continuing disclosure agreement of such Obligated Participant has been terminated. The Agency acknowledges and agrees that the Agency is responsible for providing all information related to the Agency and the loan participants necessary to enable the Authority to comply with its obligations under each Continuing Disclosure Agreement;

- c. *Amendment to Section I(A)(26).* Section I(A)(26) of the Existing Memorandum of Agreement is hereby amended in its entirety to read as follows (with revisions to the Existing Memorandum of Agreement shown as ~~strike through~~ for deleted language and underlined for added language):

Provide a certificate to the Authority (on a form jointly agreed by the Authority and the Agency) within 31 calendar days of after the date a pledged loan is paid off, written down, forgiven, replaced with a substitute loan or otherwise released from the lien of the Master Trust Agreement (and in a form jointly agreed by the Authority and the Agency) so that the Authority can certify to the trustee that repayments on currently pledged loans (for the Loan Programs) will satisfy coverage requirements for all outstanding Authority Bonds. Evidence of the recalculated debt service coverage ratio, subsequent to the loan(s) payoff, writing down, forgiveness, replacement or other release of the loan, shall be a part of the Agency’s certification to the Authority (in a form jointly agreed by the Authority and the Agency).

- d. *Amendment to Section I(B)(9).* Section I(B)(9) of the Existing Memorandum of Agreement is hereby amended in its entirety to read as follows (with revisions to

the Existing Memorandum of Agreement shown as ~~strikethrough~~ for deleted language and underlined for added language):

Subject to the Agency's compliance with Section I(A)(23) of this Agreement, the Authority shall (i) compile and report such annual continuing disclosure documents provided to the Authority by the Agency (as described in Exhibit I to ~~the~~ each Continuing Disclosure Agreement), (ii) monitor and file as necessary such reportable event disclosure documents (as described in Exhibit II to ~~the~~ each Continuing Disclosure Agreement) and (iii) coordinate, monitor and file continuing disclosure documents as may be required of "Obligated Program Participants", all as required pursuant to each Continuing Disclosure Agreement;

- e. *Amendment to Section I(B)(17).* Section I(B)(17) of the Existing Memorandum of Agreement is hereby amended in its entirety to read as follows (with revisions to the Existing Memorandum of Agreement shown as ~~strikethrough~~ for deleted language and underlined for added language):

Report to the Master Trustee based on information and reports by the Agency that repayments on pledged loans (for both Loan Programs) will satisfy financial requirements contained in the Master Trust Agreement for all outstanding Authority Bonds. Such certification shall be made ~~promptly upon notification by the Agency of any of the following events:~~(i) on a quarterly basis for any quarter in which the Agency provides notification of any of the following events: (i)(A) notification that any loan will be or is prepaid in advance of the stated maturity, (ii)(B) effective date of any amendments agreed to by the Agency to any pledged loan which reduce the amounts payable in any year, or (iii)(C) release, substitution or addition of any pledged loan at the direction of the Agency; and (ii) promptly upon notification by the Agency that more than an aggregate of ten percent of the pledged loans 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.

- f. *Additional Item Section I(B)(18).* An additional item, Section I(B)(18) is added to the Existing Memorandum of Agreement as follows:

18. Work with the Agency to invest, at the appropriate times, the bond proceeds in Qualified Investments (as defined in the Master Trust Agreement). This must be completed in a timeframe agreed upon by both the Agency and the Authority at the time of the sale of any Authority Bonds.

- g. *Amendment to Section II.* Section II of the Existing Memorandum of Agreement is hereby amended in its entirety to read as follows (with revisions to the Existing Memorandum of Agreement shown as underlined for added language):

The Authority shall be reimbursed by the Agency for prior expenditures in the amount of \$150,000.00 to be paid upon the execution of this Agreement. The Authority shall be paid in connection with the Series 2013 Bond issue, an issuance fee from bond proceeds or other Agency

resources, an amount equal to \$150,000.00 to be paid at the closing of the Series 2013 Bonds. In addition, each December 31, beginning December 31, 2013 for so long as the Authority Bonds are outstanding, the Agency will pay the Authority an annual management and continuing disclosure fee equal to \$150,000.00, which amounts (i) in the case of the fee due December 31, 2013, will be paid from Loan Support Fees collected by the Agency and (ii) in the case of the fees due on each subsequent December 31, will be paid from the Equity Fund established under the Master Trust Agreement.

The amount of the annual fee for State Fiscal Year 2017 and each fiscal year thereafter may be renegotiated by the Agency and the Authority based on actual time, resources, responsibilities or costs incurred. The Authority must submit actual costs a report setting forth the basis for any increased fees to the Agency by December 31<sup>st</sup> of each year in order to renegotiate the annual fee for the following state fiscal year. ~~The annual fee will remain at \$150,000 for State Fiscal Year 2015 and based on costs presented by a new annual rate may be negotiated for State Fiscal Year 2016 and the remaining years in the same manner if agreed upon by both Parties.~~

In addition to the fees described in the paragraphs above, the Authority shall be paid by the Agency (i) in connection with the issuance of the Series 2016 Bonds, an issuance fee in an amount equal to \$250,000.00 to be paid at the closing of the Series 2016 Bonds and (ii) in connection with the issuance of any future issue of Authority Bonds, an issuance fee in an amount to be agreed upon between the Agency and the Authority to be paid at the closing of such Authority Bonds, in each case to be paid from bond proceeds or other Agency resources.

- h. *Amendment to Section VIII.* Section VIII of the Existing Memorandum of Agreement is hereby amended to provide that any notice to the Authority under the Memorandum of Agreement shall be addressed to:

Illinois Finance Authority  
160 North LaSalle Street, Suite S-1000  
Chicago, Illinois 60601

Attention: Executive Director

3. Miscellaneous:


- a. *Ratification of Existing Memorandum of Agreement.* In all respects not inconsistent with the terms and provisions of this Second Amendment, the Existing Memorandum of Agreement is hereby ratified, approved and confirmed.
- b. *Applicable Law.* This Second Amendment shall be governed by and construed under the laws of the State of Illinois.
- c. *Severability.* The provisions of this Second Amendment are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Second Amendment or the Memorandum of Agreement.

- d. *Counterparts.* This Second Amendment may be executed in several counterparts; all or any part of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

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In WITNESS WHEREOF, the Agency and the Authority have caused this Second Amendment to be executed as of the date first set forth above.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

By   
Alec Messina, Acting Director

ILLINOIS FINANCE AUTHORITY

By \_\_\_\_\_



Christopher B. Meister, Executive Director