

FIRST AMENDMENT TO MEMORANDUM OF AGREEMENT

(CLEAN WATER INITIATIVE)

This First Amendment to Memorandum of Agreement (this "Amendment"), dated as of June 30, 2014 (the "Effective Date"), 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 (the "Original Memorandum of Agreement" and, as amended by this First Amendment to Memorandum of Agreement, the "Memorandum of Agreement" or the "Agreement");

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

WHEREAS, pursuant to Section XVII of the Agreement, the Parties agree to amend the 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 Original Memorandum of Agreement:

Words and terms which are defined in the Original 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 Agreement shall be incorporated in a written amendment to the Agreement. The amendment set forth below shall be effective upon the execution by the Agency and the Authority.

b. *Amendment to Section I(A)(16).* Section I(A)(16) of the Original Memorandum of Agreement is hereby amended to read as follows:

Make available to the Authority the Agency's pledged and unpledged loan listings repayments, attached hereto as Form 1 and monthly repayment reconciliation reports, attached hereto as Form 2 to assist the Authority in performing monthly reconciliation of the trusts statements.

c. *Section I(A)(18) Deleted.* Section I(A)(18) of the Original Memorandum of Agreement is deleted in its entirety.

d. *Amendment to Section I(A)(19).* Section I(A)(19) of the Original Memorandum of Agreement is hereby amended to read as follows:

Coordinate with the Authority on the timing, accuracy and completeness of the Agency's yearly financial statements filed with the Comptroller.

e. *Amendment to Section I(A)(26).* Section I(A)(26) of the Original Memorandum of Agreement is hereby amended to read as follows:

Provide a certificate to the Authority within 31 calendar days of the date a pledged loan is paid off (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 shall be a part of the Agency's certification to the Authority (in a form jointly agreed by the Authority and the Agency).

f. *Amendment to Section I(B)(10).* Section I(B)(10) of the Original Memorandum of Agreement is hereby amended to read as follows:

Reconcile the trust statements to the Agency's pledged and unpledged loan listings repayments and monthly repayment reconciliation reports on a monthly basis and provide to the Agency a copy of the monthly trust statement reconciliation as well as a copy of the trust statements.

g. *Amendment to Section I(B)(11).* Section I(B)(11) of the Original Memorandum of Agreement is hereby amended to read as follows:

Provide fair market value adjustments on a quarterly basis for all investments in the trust accounts *Additional Item*. An additional item, Section I(B)(18) is added to the Agreement as follows:

Prepare and submit the required quarterly report of receipts and disbursements locally held fund report ("C-17"), attached hereto as Form 3, for the Loan Programs' funds to the Illinois Office of the Comptroller (the "Comptroller").

h. *Amendment to Section II.* Section II of the Original Memorandum of Agreement is hereby amended by adding a new clause to the end thereof to read as follows:

The amount of the annual fee may be renegotiated by the Agency and the Authority based on actual costs incurred. The Authority must submit actual costs to the Agency by December 31st of each year in order to

renegotiate the annual fee for the following 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.

- i. *Additional Item.* An additional item, Section XVIII is added to the Agreement as follows:

XVIII. Definitions

Unless otherwise defined herein, all terms used in this Agreement shall have the same meanings as in the Master Trust Agreement dated as of December 1, 2013, as from time to time amended and supplemented in accordance with its terms.

3. Miscellaneous:

- a. *Ratification of Original Memorandum of Agreement.* In all respects not inconsistent with the terms and provisions of this Amendment, the Original Memorandum of Agreement is hereby ratified, approved and confirmed.
- b. *Applicable Law.* This Amendment shall be governed by and construed under the laws of the State of Illinois.
- c. *Severability.* The provisions of this 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 Amendment.
- d. *Counterparts.* This 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.
- e. *Form 1 – Pledged and unpledged loan listing repayments*
Form 2 – monthly reconciliation reports
Form 3 – C-17

In WITNESS WHEREOF, the Agency and the Authority have caused this Amendment to be executed as of June 30, 2014.

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

By  _____
Lisz Bonnett, Director

ILLINOIS FINANCE AUTHORITY

By  _____
Christopher B. Meister, Executive Director