



TEMPLATE TERM SHEET FOR STATE REVOLVING FUNDS WITHOUT CAPITAL MARKETS DEBT ISSUANCES

SUMMARY

The following Template Term Sheet has been prepared by the U.S. Environmental Protection Agency (EPA) for prospective State revolving fund (SRF) borrowers that might obtain financing from the WIFIA State revolving fund (SWIFIA) program. This Template Term Sheet is intended to provide reference as to the standard terms and conditions that will be applicable in a SWIFIA transaction with SRF borrowers *that do not have capital market debt issuances*, including the various structuring options that the WIFIA program can offer. The final terms and conditions of a transaction will take into account the specific credit, legal and technical analyses relevant to the actual borrower.

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[Date]

[Borrower name]

[Borrower address]

RE: WIFIA Loan Term Sheet for the [Borrower Name] –Eligible Project List
(WIFIA Project No. [____])

Ladies and Gentlemen:

This WIFIA Loan Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) dated [____] (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced list of projects (as further described below, the “**Project**”) in the form of a secured loan (the “**WIFIA Loan**”), pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended by Public Law 114-94, Public Law 114-322 and Public Law 115-270) (the “**Act**”), codified as 33 U.S.C. §§ 3901-3914, subject in all respects to (i) the terms and conditions contained herein and (ii) the execution and delivery of the WIFIA loan agreement to be entered into on or after the date hereof (the “**WIFIA Loan Agreement**”) and the terms and conditions contained therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the [WIFIA Loan Agreement]¹.

USEPA’s agreement to provide WIFIA credit assistance to the Project is based upon the Application and the supplemental information and documents, including the base case financial model, provided to USEPA. This Term Sheet is an agreement of USEPA only to the terms specified herein, which may be modified or supplemented by USEPA in its discretion at any time and from time to time during the course of its due diligence and credit approval process.

By executing this Term Sheet, the Borrower confirms its agreement to reimburse USEPA for any and all fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Loan Agreement and related documents, whether or not such agreement is ultimately executed.

¹ Reference to appropriate document to be adjusted if the term sheet is executed prior to execution of the WIFIA Loan Agreement. Solely for purposes of this template, defined terms have been set out in Annex A for reference.

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

[Template Term Sheet – SWIFIA – SRFs Without Capital Markets Debt]

This Term Sheet shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable, and the internal laws of the State of [*specify U.S. state or territory of Borrower*], if and to the extent such federal laws are not applicable.

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

INDICATIVE TERMS OF THE WIFIA LOAN

| | |
|-------------------|---|
| WIFIA LENDER | United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ WIFIA Lender ”). |
| BORROWER | [<i>Borrower name</i>], a [<i>type of entity</i>] organized and existing under [<i>specify U.S. state or territory of organization</i>] (the “ Borrower ”). |
| PROJECT | The project consists of each project listed in Schedule [●] to the WIFIA Loan Agreement (each, an “ Eligible Project ”) (as such schedule may be updated from time to time to reflect any additional eligible project or replacement eligible project substituted for a project on such schedule in accordance with the terms and conditions of the WIFIA Loan Agreement) that is undertaken by WIFIA Participants using proceeds of WIFIA Participant Loans (the “ Project ”). |
| WIFIA LOAN AMOUNT | A maximum principal amount (sum of disbursements) not to exceed \$[<i>amount</i>]; provided that (a) the maximum principal amount of the WIFIA Loan provided to the Borrower, together with the amount of any other credit assistance provided under the Act to the Borrower, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs, [and] (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Loan and all federal direct and indirect grants, shall not exceed eighty percent (80%) of Total Project Costs[.][, and (c) such amount does not include any interest that may be capitalized in accordance with the WIFIA Loan Agreement and added to the principal amount of the WIFIA Loan.] |
| INTEREST RATE | The WIFIA Loan shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity (based on the weighted-average life of the WIFIA Loan) as published, on the execution date of the WIFIA Loan Agreement, in the United States Treasury Bureau of Public Debt’s daily rate table for State and Local Government Series (SLGS) securities, currently located on the Internet at https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm . |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

[Template Term Sheet – SWIFIA – SRFs Without Capital Markets Debt]

| | |
|---|---|
| | <p>Interest shall accrue and be computed on the basis of a 360-day year of twelve (12) thirty (30) day months, and shall be compounded semi-annually.</p> <p>The WIFIA Loan shall also bear default interest at a rate of 200 basis points above the otherwise applicable interest rate, at such times and upon such terms as [shall be] provided in the WIFIA Loan Agreement.</p> |
| <p>PAYMENT DATES</p> | <p>Principal of the WIFIA Loan shall be repaid in [semi-][annual] installments on [[<i>date</i>] and] [<i>date</i>] of each year, beginning on [<i>first principal payment date</i>].</p> <p>Interest shall be paid in arrears on [<i>date</i>] and [<i>date</i>] of each year, beginning on [<i>first interest payment date</i>].</p> <p>The debt service payment commencement date shall [be the first Payment Date occurring after the date of the initial disbursement of the WIFIA Loan] [in no event be later than five (5) years occurring after the date of the initial disbursement of the WIFIA Loan].</p> <p>[Subject to the terms and conditions of the WIFIA Loan Agreement, no principal or interest shall be paid during the capitalized interest period.]</p> |
| <p>FINAL MATURITY DATE</p> | <p>[<i>Date</i>]; provided that the Final Maturity Date shall be no later than the date that is thirty-five (35) years after the date on which WIFIA Loan amounts are first disbursed.</p> |
| <p>DEDICATED SOURCE OF REPAYMENT</p> | <p>The dedicated source of repayment for the WIFIA Loan shall be “Pledged Cash Flows” consisting of (i) no less than ninety percent (90%) of all principal and interest payments paid, or to be paid, by all SRF Program Participants pursuant to any financial assistance agreements entered into by the Borrower and an SRF Program Participant and (ii) and any additional assets pledged for the benefit of any other lender of the Borrower (e.g., reserve accounts, investment earnings).</p> |
| <p>SECURITY AND LIEN PRIORITY</p> | <p>The WIFIA Loan shall be secured by senior lien on the Pledged Cash Flows. The debt obligation of the Borrower under the WIFIA Loan shall be evidenced through the issuance by the Borrower of the WIFIA bond or note.</p> <p>The Borrower’s Pledged Cash Flows shall be deposited into [<i>designated account</i>] and applied in the following order of priority: [<i>describe flow of funds</i>].</p> |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

[Template Term Sheet – SWIFIA – SRFs Without Capital Markets Debt]

| | |
|---|---|
| <p>PREPAYMENT</p> | <p>The WIFIA Loan is subject to mandatory prepayment upon the occurrence of an Eligible Project Event of Default or the prepayment or acceleration of a WIFIA Participant Loan, in each case subject to the Borrower’s ability to replace the affected Eligible Project or WIFIA Participant Loan with a substitute and thereby avoid the mandatory prepayment.</p> <p>The Borrower may prepay the WIFIA Loan in whole or in part, without penalty or premium; provided that any such prepayment shall be in a minimum principal amount of \$1,000,000 or any integral multiple of \$1.00 in excess thereof, and otherwise in accordance with the WIFIA Loan Agreement.</p> |
| <p>COVERAGE TEST</p> | <p>The Borrower will maintain a debt service coverage ratio of at least 1:1 through the Final Maturity Date.</p> |
| <p>DEBT SERVICE RESERVE</p> | <p>A debt service reserve will not be required unless is it offered to other lenders.</p> |
| <p>ADDITIONAL INDEBTEDNESS</p> | <p>The Borrower shall not issue or incur any additional secured obligations unless the conditions described below and in the WIFIA Loan Agreement are satisfied:</p> <ul style="list-style-type: none"> (i) The Borrower may not create, incur or suffer to exist (A) any secured obligations the payments of which are senior or prior in right to the payment by the Borrower of the WIFIA Loan or (B) any secured Project obligations of the Borrower that are secured by a Lien on any assets or property of the Borrower other than the Pledged Cash Flows; (ii) the Borrower’s debt service coverage ratio is at least 1:1 through the Final Maturity Date, taking into account the additional secured obligations; (iii) <i>[Include any Additional Senior Obligations test]</i>. |
| <p>RESTRICTED PAYMENTS AND TRANSFERS</p> | <p>The Borrower may make permitted transfers annually following the payment of WIFIA debt service, WIFIA loan expenses and any mandatory prepayments of the WIFIA Loan then due, subject to certain requirements to retain funds (and not make permitted transfers) if a WIFIA Participant fails to make a payment with respect to a WIFIA Participant Loan or if Pledged Cash Flows are projected at any time prior to the Final Maturity Date to be insufficient to pay WIFIA debt service as and when required under the WIFIA Loan Agreement.</p> |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

[Template Term Sheet – SWIFIA – SRFs Without Capital Markets Debt]

| | |
|---|---|
| <p>CONDITIONS PRECEDENT TO CLOSING</p> | <p>The WIFIA Loan Agreement shall include usual and customary conditions precedent to effectiveness for loans of this nature or that are otherwise appropriate in the judgment of the WIFIA Lender, including, without limitation:</p> <ul style="list-style-type: none"> • Borrower’s organization, power and authority, including evidence of authorizing resolution or ordinance • Any required governmental approvals, compliance with the National Environmental Policy Act of 1969 (as amended), procurement of Federal Employer Identification Number and Data Universal Numbering System (“DUNS”) number and registration with federal System for Award Management (“SAM”) • Borrower certificates (e.g. officer’s, incumbency, non-debarment) and report (e.g. estimated savings, benefits) • Legal opinions • One final investment grade rating letter • Base case financial model/report/plan and Project budget • Sufficiency of committed source of funds • Compliance with maximum caps of WIFIA Loan constituting no more than 49% of Eligible Project Costs and total federal assistance constituting no more than 80% of Total Project Costs • Payment of fees • True, correct and complete representations and warranties |
| <p>CONDITIONS PRECEDENT TO DISBURSEMENT</p> | <p>The WIFIA Loan Agreement shall include usual and customary conditions precedent to disbursement for loans of this nature or that are otherwise appropriate in the judgment of the WIFIA Lender, including, without limitation:</p> <ul style="list-style-type: none"> • Updated financial plan, report or model • Governmental approvals necessary at disbursement date • Aggregate disbursements not in excess of Eligible Project Costs • Sufficiency of committed source of funds • No default or event of default • True, correct and complete representations and warranties • No material adverse effect • Disbursement request with required documentation • Payment of fees |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

| | |
|--|--|
| <p>COVENANTS</p> | <p>The WIFIA Loan Agreement shall include usual and customary covenants for loans of this nature or that are otherwise appropriate in the judgment of the WIFIA Lender, including, without limitation:</p> <ul style="list-style-type: none"> • Use of proceeds • Federal verification requirements • Adequate Borrower covenants/oversight of the Eligible Projects • Legal structure • System accounts; permitted investments • Compliance with law and federal requirements; SAM registration; DUNS number; anti-money laundering; OFAC • Taxes • Hedging • Sovereign immunity • No adverse amendments • Mergers and acquisitions • Organizational documents; fiscal year • Notices • Other reporting requirements, including but not limited to: <ul style="list-style-type: none"> ○ Updated financial model, report or plan ○ Audited financial statements (accompanied by an officer’s certificate) ○ Construction progress reports ○ Borrower’s annual report ○ Annual loan report (e.g. construction progress, estimated savings, jobs, environmental benefits of Project, Eligible Project substitutions, federal non-compliance issues) |
| <p>EVENTS OF DEFAULT; REMEDIES</p> | <p>The WIFIA Loan Agreement shall include usual and customary events of default for loans of this nature or that are otherwise appropriate in the judgment of the WIFIA Lender, including, without limitation:</p> <ul style="list-style-type: none"> • Payment default • Covenant default • Misrepresentation default • Cross-default/acceleration under the Borrower’s other debt documents • Judgments |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

[Template Term Sheet – SWIFIA – SRFs Without Capital Markets Debt]

| | |
|--------------------------|---|
| | <ul style="list-style-type: none"> • Failure to maintain existence • Occurrence of a Bankruptcy Related Event • Invalidity of WIFIA loan documentation • Failure to fund Eligible Project Costs in an amount at least equal to the requirement set forth in the WIFIA Loan Agreement • Eligible Project Event of Default <p>Remedies upon an Event of Default may include but are not limited to the following:</p> <ul style="list-style-type: none"> • Suspension or termination of WIFIA Lender’s obligations to disburse WIFIA Loan amounts • Cessation of permitted capitalized interest on the WIFIA Loan • Declaration of the unpaid principal amount of, and interest accrued on, the WIFIA Loan and all fees and other amounts payable under the WIFIA Loan Agreement to be immediately due and payable • Mandatory prepayment of the WIFIA Loan • Application of default interest rate on the WIFIA Loan • Suspension or debarment of the Borrower • Right to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid under the WIFIA Loan Agreement <p>In addition, upon the occurrence of a Bankruptcy Related Event relating to the Borrower, all obligations of the WIFIA Loan shall automatically be terminated, and the outstanding balance of the WIFIA Loan, all accrued interest, and all fees, costs, expenses, indemnities and other amounts payable in connection with the WIFIA Loan, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which will be expressly waived.</p> |
| WIFIA LOAN DOCUMENTATION | The WIFIA Loan shall be subject to the preparation, execution and delivery of the WIFIA Loan Agreement and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender and the Borrower. |
| GOVERNING LAW | Federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

[Template Term Sheet – SWIFIA – SRFs Without Capital Markets Debt]

| | |
|--------------|---|
| | of [<i>specify U.S. state or territory of Borrower</i>], if and to the extent such federal laws are not applicable. |
| COUNTERPARTS | This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart. |

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

ANNEX A
DEFINITIONS²

“**Act**” means the Water Infrastructure Finance and Innovation Act, as amended by Section 1445 of the Fixing America’s Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and as may be further amended from time to time, and codified as 33 U.S.C. §§ 3901-3914.

“**Bankruptcy Related Event**” means, with respect to any person, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of such person or any of its debts, or of a substantial part of the assets thereof, under any insolvency laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for such person or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; (b) such person shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) solely with respect to the Borrower, fail to make a payment of WIFIA debt service in accordance with the WIFIA Loan Agreement and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any insolvency law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any insolvency law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing, including seeking approval or legislative enactment by any governmental authority to authorize commencement of a voluntary proceeding under any insolvency law; (c) solely with respect to the Borrower, (i) the [trustee] shall commence a process pursuant to which all or a substantial part of the [trust estate] may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the liens thereon securing the senior obligations of the Borrower, or (ii) the [trustee] shall commence a process pursuant to which all or a substantial part of the [trust estate] may be sold or otherwise disposed of pursuant to a sale or disposition of such trust estate] in lieu of foreclosure; or (d) solely with respect to the Borrower, the [trustee] shall transfer, pursuant to directions issued by the bondholders, funds on deposit in any of the system accounts of the Borrower upon the occurrence and during the continuation of a System Event of Default under the WIFIA Loan

² Solely for reference purposes for this template term sheet.

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

Agreement or an event of default under the Borrower’s other financing documents for application to the prepayment or repayment of any principal amount of the Borrower’s senior obligations other than in accordance with the provisions of such other financing documents.

“**Eligible Project Costs**” means amounts in the Project Budget approved by the WIFIA Lender, substantially all of which are paid by or for the account of the WIFIA Participants in connection with the Eligible Projects, all of which shall arise from the following:

- (a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;
- (b) construction, reconstruction, rehabilitation, and replacement activities;
- (c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to Section 3905(8) of Title 33 of the United States Code), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to obligations of the Borrower other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

provided, that Eligible Project Costs must be consistent with all other applicable federal law, including the Act.

“**Eligible Project Event of Default**” means, with respect to any WIFIA Participant or WIFIA Participant Loan, the applicable WIFIA Participant violates any federal law or fails to diligently prosecute the work related to its respective Eligible Project.

“**SRF Program Participant**” means any recipient of Borrower credit assistance.

“**Total Project Costs**” means (a) the costs paid or incurred or to be paid or incurred by the Borrower in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and costs of issuance; (b) amounts, if any, required by the Borrower’s indenture documents or the WIFIA Loan documents to be paid into any fund or account upon the incurrence of the WIFIA Loan or any senior obligations of the Borrower; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) during the construction period of the Project in respect of any indebtedness of the Borrower or any credit facility maintained by the Borrower, in each case in connection with the Project (other than the WIFIA Loan); and (d) costs of equipment and supplies and initial working capital and reserves

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

required by the Borrower for the commencement of operation of the Project, including general administrative expenses and overhead of the Borrower.

“**WIFIA Participant**” means an SRF Program Participant that enters into a WIFIA Participant Loan.

“**WIFIA Participant Loan**” means a loan made to a WIFIA Participant that is funded by the Borrower, in whole or in part, with proceeds of the WIFIA Loan.

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the United States
Environmental Protection Agency

By: _____
Name:
Title:

[Signature page to [Borrower Name and Project Name] – WIFIA Term Sheet]

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY ("USEPA") AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.

ACKNOWLEDGED AND AGREED:

[BORROWER NAME], by its authorized representative

By: _____
Name:
Title:

[Signature page to [Borrower Name and Project Name] – WIFIA Term Sheet]

THIS TEMPLATE TERM SHEET IS NOT A CONTRACT OR AN OFFER TO ENTER INTO A CONTRACT. IT HAS NOT BEEN APPROVED BY THE ENVIRONMENTAL PROTECTION AGENCY (“USEPA”) AND DOES NOT INDICATE A COMMITMENT BY USEPA TO PARTICIPATE IN ANY TRANSACTION OR TO BE BOUND IN ACCORDANCE WITH ANY TERM OR CONDITION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS VOID. THIS TEMPLATE TERM SHEET IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY AND IS SUBJECT TO CHANGE AT ANY TIME AT THE SOLE DISCRETION OF THE USEPA. IT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY. ONLY A DOCUMENT AS EXECUTED BY USEPA WILL CONTAIN THE TERMS THAT BIND IT.