

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

October 13, 2020

DeKalb County, Georgia  
1300 Commerce Drive  
Decatur, GA 30030

RE: WIFIA Loan Term Sheet for the Sewer Assessment and Rehabilitation, Trunk Sewer Upsizing, and Water Main Replacement Project with DeKalb County, Georgia (WIFIA Project No. 18146GA)

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 June 21, 2019 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (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**”) on terms and conditions acceptable to USEPA contained therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement.

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.

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 Georgia, if and to the extent such federal laws are not applicable.

THIS DRAFT DOCUMENT 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. ONLY A DOCUMENT AS EXECUTED BY THE PARTIES WILL CONTAIN THE TERMS THAT BIND THEM.

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 “ <b>WIFIA Lender</b> ”).
BORROWER	DeKalb County, Georgia, a political subdivision of the State of Georgia (the “ <b>Borrower</b> ”).
PROJECT	The project consists of the repair, replacement or upsizing of the pipes in the System, as further described in <b>Schedule VI</b> ( <i>Project</i> ) to the WIFIA Loan Agreement (the “ <b>Project</b> ”).
WIFIA LOAN AMOUNT	A maximum principal amount (sum of disbursements) not to exceed \$265,000,000; <u>provided</u> that (a) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act, 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.
INTEREST RATE	<p>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 <a href="https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm">https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGSDate.htm</a>.</p> <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 two hundred (200) basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Loan Agreement.</p>
PAYMENT DATES	<p>Principal of the WIFIA Loan shall be repaid in annual installments on October 1 of each year, beginning on October 1, 2027.</p> <p>Interest shall be paid in arrears on April 1 and October 1 of each year, beginning on the April 1 or October 1 immediately following the initial disbursement of the WIFIA Loan.</p>

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	<p>The debt service payment commencement date shall in no event be later than five (5) years after the Substantial Completion Date of the Project.</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>
FINAL MATURITY DATE	October 1, 2059; <u>provided</u> that the Final Maturity Date shall be no later than the date that is thirty-five (35) years following the Substantial Completion Date.
PROJECTED SUBSTANTIAL COMPLETION DATE	December 31, 2025.
DEDICATED SOURCE OF REPAYMENT	The dedicated source of repayment for the WIFIA Loan shall be (a) Operating Revenues on deposit in the Revenue Fund and Renewal and Extension Fund in accordance with the Master Bond Resolution and (b) to the extent amounts available pursuant to clause (a) are insufficient, amounts in the General Fund of the Borrower pursuant to its general obligation pledge.
SECURITY AND LIEN PRIORITY; GENERAL OBLIGATION COVENANTS	<p>Payment and performance obligations of the Borrower with respect to the WIFIA Loan shall be secured by a pledge of the Borrower's full faith and credit and revenue-raising power (including its taxing power). The obligation of the Borrower to make any payments required under the WIFIA Loan Agreement shall constitute a general obligation of the Borrower and a pledge of the full faith and credit of the Borrower to provide the funds required to fulfill any such obligation.</p> <p>In order to make any payment required by the WIFIA Loan Agreement when due, the Borrower shall exercise its power of taxation and its power to set rates, fees and charges to the extent necessary to pay the amounts required to be paid under the WIFIA Loan Agreement and will make available and use for such payments all rates, fees, charges and taxes levied and collected for that purpose, together with funds received from any other sources. In order to make funds available for such purpose in any Borrower Fiscal Year, the Borrower shall, in its revenue, appropriation and budgetary measures or requests through which its tax funds or revenues and the allocation thereof are controlled or provided for, include to the extent necessary sums sufficient to satisfy any such payments that may be required to be made under the WIFIA Loan Agreement, whether or not any other sums are included in such</p>

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	<p>measure or request, until all payments so required to be made under the WIFIA Loan Agreement shall have been made in full.</p> <p>The Borrower shall, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the territorial or corporate limits of the Borrower, as now existent and as the same may hereafter be extended, at such rate or rates, within any limitations that may be prescribed by law, as may be necessary to produce in each Borrower Fiscal Year revenues that will be sufficient to fulfill the Borrower’s obligations under the WIFIA Loan Agreement, from which revenues the Borrower agrees to appropriate sums sufficient to pay in full when due all of the Borrower’s obligations under the WIFIA Loan Agreement.</p> <p>Without limiting the foregoing, in the event (a) the Borrower shall fail to pay any of the principal amount of, interest on or any other amount due with respect to the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the WIFIA Loan Agreement) when and as the payment thereof is required under the WIFIA Loan Agreement or on the Final Maturity Date (each such failure, a “<b>Payment Default</b>”), or (b) the Borrower anticipates, or should reasonably anticipate, the occurrence of a Payment Default, the Borrower shall in each case, to the extent and as promptly as permitted by law, adopt an increase to the millage rate of the existing annual ad valorem tax on all taxable property located within the territorial or corporate limits of the Borrower sufficient to produce adequate tax revenues to remedy such Payment Default or avoid such anticipated Payment Default.</p> <p>The debt obligation of the Borrower under the WIFIA Loan shall be evidenced through the execution and delivery by the Borrower of the WIFIA Loan Agreement and the WIFIA Note.</p>
FLOW OF FUNDS	<p>The Borrower’s Operating Revenues shall be deposited into the Revenue Fund and applied in the order of priority described in Sections 4.3 (<i>Revenue Fund</i>) and 4.5 (<i>Renewal and Extension Fund</i>) of the Master Bond Resolution as of the Effective Date.</p> <p>The Borrower will covenant in the WIFIA Loan Agreement to make payments of principal, interest, fees and any other amounts due and payable with respect to the WIFIA Loan as follows: (a) for so long as any Prior Lien Bonds are outstanding, from monies on deposit in the Renewal and Extension Fund at priority <u>Thirteenth</u> of the cash flow waterfall set forth in Section 4.5 (<i>Renewal and Extension Fund</i>) of the Master Bond Resolution; and (b) on and after the date that no Prior Lien Bonds are</p>

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	<p>outstanding, from monies on deposit in the Revenue Fund at priority <u>Eleventh</u> of the cash flow waterfall set forth in Section 4.3 (<i>Revenue Fund</i>) of the Master Bond Resolution, in each case subject to the availability of amounts contained in such funds at such priorities.</p>
<p>PREPAYMENT; ACCELERATION</p>	<p>The Borrower may prepay the WIFIA Loan in whole or in part, without penalty or premium; <u>provided</u> 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>Upon the occurrence of any Bankruptcy Related Event with respect to the Borrower, all obligations of the WIFIA Lender under the WIFIA Loan Agreement with respect to the disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated, and the Outstanding WIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the WIFIA Loan Agreement, shall automatically become immediately due and payable, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which shall be expressly waived.</p> <p>Upon the occurrence of any other Event of Default, the WIFIA Lender, by written notice to the Borrower, may suspend or terminate all of its obligations under the WIFIA Loan Agreement with respect to the disbursement of any undisbursed amounts of the WIFIA Loan, and shall have the right to declare the Outstanding WIFIA Loan Balance to be, and the same shall thereupon forthwith become, immediately due and payable, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the WIFIA Loan Agreement, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which shall be expressly waived.</p>
<p>RATE COVENANT</p>	<p>The Borrower shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall prescribe, fix, maintain, and collect rates, fees, and other charges for the services, facilities, and commodities furnished by the System fully sufficient to: (a) comply with Section 6.1 (<i>Rate Covenant</i>) of the Master Bond Resolution and (b) produce Net Operating Revenues in each Borrower Fiscal Year (after subtracting one hundred percent (100%) of the required transfers for such Borrower Fiscal Year</p>

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	<p>(x) from the Revenue Fund for the purposes set forth in priorities <u>First</u> through <u>Twelfth</u> of the cash flow waterfall set forth in Section 4.3 (<i>Revenue Fund</i>) of the Master Bond Resolution and (y) from the Renewal and Extension Fund for the purposes set forth in priorities <u>First</u> through <u>Twelfth</u> of the cash flow waterfall set forth in Section 4.5 (<i>Renewal and Extension Fund</i>) of the Master Bond Resolution) equal to at least one hundred percent (100%) of the Debt Service Requirement with respect to all Other System Obligations for such Borrower Fiscal Year that are budgeted to be paid from Operating Revenues during such Borrower Fiscal Year.</p>
<p>ADDITIONAL INDEBTEDNESS</p>	<p>The Borrower may not create, incur or suffer to exist any Project obligations (other than general obligations of the Borrower) that are secured by a Lien on any assets or property of the Borrower other than the Operating Revenues.</p> <p>The Borrower shall not issue or incur any Additional Parity Bonds or Additional Subordinate Bonds unless the requirements set forth in Article V (<i>Parity Bonds and Subordinate Bonds</i>) of the Master Bond Resolution shall have been satisfied.</p>
<p>RESTRICTED PAYMENTS AND TRANSFERS</p>	<p>The Borrower shall not permit Operating Revenues, or any funds in any accounts held under the Master Bond Resolution or in any other fund or account held by or on behalf of the Borrower in respect of the System, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the System (including the repayment or redemption of the Prior Lien Bonds, Bonds or Other System Obligations), except with the consent of the WIFIA Lender, which consent shall be in the WIFIA Lender's sole discretion.</p>
<p>WIFIA LOAN DOCUMENTATION</p>	<p>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, which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other provisions as agreed between the WIFIA Lender and the Borrower.</p>
<p>GOVERNING LAW</p>	<p>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 Georgia, if and to the extent such federal laws are not applicable.</p>

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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.
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*[Signature pages follow]*

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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: Andrew R. Wheeler  
Title: Administrator

*[Signature page to DeKalb County, Georgia – Sewer Assessment and Rehabilitation,  
Trunk Sewer Upsizing, and Water Main Replacement Project – WIFIA Term Sheet]*

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ACKNOWLEDGED AND AGREED:

**DEKALB COUNTY, GEORGIA,**  
by its authorized representative

By: \_\_\_\_\_

Name:

Title:

*[Signature page to DeKalb County, Georgia – Sewer Assessment and Rehabilitation,  
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