

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[Date], 2025

City of Fort Worth, Texas
100 Fort Worth Trail, 12th Floor
Fort Worth, TX 76102

RE: WIFIA Term Sheet for the City of Fort Worth, Texas – Mary’s Creek Water Reclamation Facility Project (WIFIA ID – N23107TX)

Ladies and Gentlemen:

This WIFIA 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) received December 17, 2024 (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, and as may be further amended from time to time, the “**Act**”), codified as 33 U.S.C. §§ 3901-3915, 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 the terms and conditions acceptable to the USEPA contained therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement.

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 Texas, if and to the extent such federal laws are not applicable. 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. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

INDICATIVE TERMS OF THE WIFIA LOAN

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| 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 | City of Fort Worth, Texas, a home-rule city operating under a home-rule charter adopted pursuant to Section 5 of Article 11 of the Constitution of the State of Texas and organized and existing under the laws of the State of Texas (the “ Borrower ”). |
| PROJECT | The project is the Mary’s Creek Water Reclamation Facility Project, located in the City of Fort Worth, Texas, and consists of the design and construction of the Mary’s Creek Water Reclamation Facility, including the design and construction of related lift stations, force mains and associated reasonably necessary sewer infrastructure (the “ Project ”). |
| WIFIA LOAN AMOUNT | A maximum principal amount (sum of disbursements and excluding capitalized interest) not to exceed \$347,655,441; provided 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 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 the Fiscal Service’s daily rate table for State and Local Government Series (SLGS) securities.</p> <p>Interest shall accrue and be computed on the basis of a 360-day year of twelve (12) thirty (30) day months.</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 provided in the WIFIA Loan Agreement.</p> |
| PAYMENT DATES | Principal and interest on the WIFIA Loan shall be repaid in accordance with the terms set forth in the WIFIA Loan Agreement. |

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| | <p>Subject to the terms of the WIFIA Loan Agreement, 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 of the WIFIA Loan Agreement, (a) during the Capitalized Interest Period, no principal or interest shall be paid and (b) during the Interest Only Period, no payment of principal will be due and payable and the WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then due and payable on the Outstanding WIFIA Loan Balance.</p> |
| FINAL MATURITY DATE | The earliest of (a) February 15, 2059; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Bond have been subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof in accordance with the WIFIA Loan Agreement; and (c) the Principal Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date, which is projected to be December 31, 2029. |
| DEDICATED SOURCE OF REPAYMENT | The dedicated source of repayment for the WIFIA Loan shall be the Pledged Revenues, as defined in the WIFIA Loan Agreement, and which consist primarily of the net revenues of the Borrower's combined water and sewer system. |
| SECURITY AND LIEN PRIORITY | <p>As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, as the registered owner, on or prior to the Effective Date, the WIFIA Bond. The WIFIA Bond shall be issued pursuant to the Master Ordinance and the WIFIA Supplemental Ordinance and shall be a Parity Obligation under the Master Ordinance, secured by a first Lien on and pledge of the Pledged Revenues, including such revenues within the System Fund created by the Master Ordinance, in accordance with the Master Ordinance and the WIFIA Supplemental Ordinance; <u>provided</u>, that such pledge shall exclude any grants, donations, income or other funds received or to be received from the Federal Government. The WIFIA Bond shall be entitled to all of the benefits of a Parity Obligation under the Master Ordinance and all other WIFIA Loan Documents.</p> <p>The Lien on the Pledged Revenues to secure the WIFIA Loan (and corresponding WIFIA Bond) for the benefit of the WIFIA Lender is and shall be (a) on a parity in right of payment and right of security to the Liens on the Pledged Revenues in favor of all other Parity Obligations and (b)</p> |

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| | senior in right of payment and right of security to any Lien on the Pledged Revenues in favor of any Subordinated Debt. |
| RATE COVENANT | <p>As set forth in further detail in Section 3 (<i>Rate Covenant</i>) of the Master Ordinance and in the WIFIA Loan Agreement, the Borrower shall fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues and other Pledged Revenues sufficient:</p> <ul style="list-style-type: none"> (a) to pay all current Operating Expenses; (b) to produce Net Revenues for each Borrower Fiscal Year at least equal to the Annual Debt Service Requirements (as defined in the Master Ordinance) during such Borrower Fiscal Year of the then Outstanding Parity Obligations; and (c) to pay all other financial obligations of the System reasonably anticipated to be paid from Gross Revenues. |
| ADDITIONAL INDEBTEDNESS | <p>As set forth in further detail in the WIFIA Loan Agreement, the Borrower shall not issue or incur any Additional Parity Obligations unless the conditions described in Section 15(a) (<i>Indebtedness</i>) of the WIFIA Loan Agreement are satisfied, including that the Borrower shall have complied with all requirements of the Master Ordinance for the issuance of such Additional Parity Obligations. Such requirements, as set forth in Section 8 (<i>Issuance of Additional Obligations</i>) of the Master Ordinance include the requirement that, prior to the issuance or incurrence of any such Additional Parity Obligations:</p> <ul style="list-style-type: none"> (a) a Designated Financial Officer (as defined in the Master Ordinance) shall deliver to the Borrower a certificate stating that, to the best of his or her knowledge, the Borrower is in compliance with all covenants contained in the Master Ordinance and any Supplemental Ordinance (including the WIFIA Supplemental Ordinance), is not in default in the performance and observance of any of the terms, provisions and conditions of the Master Ordinance and all such Supplemental Ordinances, and the Funds and Accounts (each as defined in the Master Ordinance) securing the Parity Obligations then Outstanding as established in accordance with the terms of the Master Ordinance and any Supplemental Ordinance contain the amount then required to be therein; and (b) an Accountant (as defined in the Master Ordinance) signs a written certificate to the effect that, in the opinion |

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| | <p>thereof, during either the immediately preceding Borrower Fiscal Year, or any twelve consecutive calendar month period ending not more than ninety (90) days prior to the date of the then proposed Additional Parity Obligations, the Net Revenues were at least equal to (A) 1.25 times the average Annual Debt Service Requirements of the Parity Obligations to be Outstanding and (B) 1.10 times the Annual Debt Service Requirements of the Parity Obligations to be Outstanding in the Borrower Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest, after the issuance of the then proposed Additional Parity Obligations.</p> <p>The foregoing requirements are subject to all terms and conditions of Section 8 (<i>Issuance of Additional Obligations</i>) of the Master Ordinance, including, without limitation, the permissible adjustments to Net Revenues for purposes of the Accountant's determination in clause (b) above, as specified in Section 8(e) (<i>Determination of Net Revenues</i>) of the Master Ordinance, and the limitation on short-term Parity Obligations under Section 8(b) (<i>Short-Term Parity Obligations</i>) of the Master Ordinance.</p> <p>Additionally, the Borrower may not create, incur or suffer to exist (A) any Obligations (i) the payments with respect to which are senior or prior in right to the payment by the Borrower of the WIFIA Bond and the other Parity Obligations or (ii) secured by a Lien on the Pledged Revenues that is senior to the Lien on the Pledged Revenues in favor of the WIFIA Lender, or (B) any Obligations, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Borrower other than the Pledged Revenues, which may include Pledged Revenues remaining after the payment of the Parity Obligations.</p> |
| RESTRICTED PAYMENTS AND TRANSFERS | The Borrower shall not permit Gross Revenues or other assets of the System, or any funds in any accounts held under the Master Ordinance or in any other fund or account held by or on behalf of the Borrower with respect to the System or the Pledged Revenues, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the System or as otherwise permitted in accordance with the Master Ordinance. |

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| WIFIA LOAN DOCUMENTATION | The WIFIA Loan shall be subject to the preparation, execution and delivery of the WIFIA Loan Agreement, the WIFIA Bond 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. |
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[Signature pages follow]

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: Lee M. Zeldin
Title: Administrator

*[Signature page to City of Fort Worth, Texas – Mary's Creek Water Reclamation Facility Project –
WIFIA Term Sheet]*

ACKNOWLEDGED AND AGREED:

CITY OF FORT WORTH, TEXAS,
by its authorized representative

By: _____

Name:

Title:

*[Signature page to City of Fort Worth, Texas – Mary's Creek Water Reclamation Facility Project –
WIFIA Term Sheet]*