

January __, 2017

Reverend Dr. Horace Strand
Stormwater Authority of the City of Chester
419 Avenue of the States
Chester, PA 19013

RE: Letter of Intent – Community Based Public Private Partnership (“CBP3”) for the Stormwater Authority of the City of Chester, Pennsylvania

Dear Reverend Dr. Strand:

Thank you for the opportunity to provide a proposal to the Stormwater Authority of the City of Chester (“CSWA”) to partner with the CSWA to carry out the implementation, management, and maintenance of integrated green infrastructure-driven stormwater controls to meet regulatory mandates for improving water quality in the City of Chester, Pennsylvania (the “Project”). It is our understanding from the Authority’s letter dated November 8, 2016 that after reviewing several proposals from different developers for the Project, the CSWA has selected Corvias Solutions, LLC (“Corvias”) as the desired developer with whom the CSWA would like to negotiate with for the implementation of the CBP3 for the Project. To that end, the CSWA desires to enter into a letter of intent with Corvias for the Project, with the understanding that in the event the letter of intent is terminated prior to the expiration of the “Negotiation Period” (hereinafter defined) as more particularly described below, the CSWA, without the necessity of any further action by the parties and without any liability whatsoever to Corvias, shall thereafter have the right to negotiate the development, construction and management of the Project with any other party.

Consistent with the foregoing, we are pleased to offer this Letter of Intent (“LOI”) regarding the prospective CBP3 between the CSWA and Corvias for the Project. Based on our discussions and current understanding of the CSWA’s needs and objectives, we have compiled the attached summary of proposed structural and business terms for the Project (“Exhibit A”).

Corvias will commit the appropriate internal resources to work with the CSWA and its consultants to create the proper framework for the Project at Corvias’ sole cost and expense. A listing of Corvias’ team members assigned to the Project and their respective roles is attached hereto as “Exhibit B.” In return, CSWA will make available to Corvias sufficient access to necessary material information, documentation, including, but not limited to, customary due diligence information such as budgets, revenue assessments, balance sheets, surveys, covenants and restrictions, environmental, structural, engineering and other reports or studies, plans & specifications, permits, tax records, service contracts, and all other pertinent information, including any of the aforementioned in the custody of the City of Chester (the “City”), and time with CSWA’s key personnel, board members and/or consultants with whom Corvias will need to collaborate in order to develop the Project that best addresses CSWA’s needs and objectives. The CSWA shall also permit Corvias or Corvias’ agents or representatives reasonable access potential sites for purposes of conducting physical inspections. In consideration of Corvias’ commitment of resources, Corvias asks that CSWA agree that it will not undertake any discussions nor enter into any agreements regarding the development, construction or management of the Project during

the 120-days following our mutual execution of this LOI with any person or entity other than Corvias.

The CSWA and Corvias agree that at this time, Corvias will seek to limit the engagement of any third parties to provide services related to this LOI. After further due diligence is completed, CSWA and Corvias may elect to enter into a Preliminary Development Agreement (“PDA”) for the Project. The PDA will address reimbursement for engagement of third parties and pre-development expenses, as well as other details regarding the Project and the responsibilities of the parties.

In light of the nature of some of the information that will be critical to Corvias’ analysis and development of the Agreement, any confidential information shared between CSWA and Corvias will not be disclosed to any third parties without the other party’s prior written consent, other than to the parties respective legal counsel and consultants to the extent such disclosure is reasonably necessary in connection with the Project or the related agreements.

This LOI shall remain in effect from the date it is signed by both parties until the earliest to occur of: (i) the mutual execution of the PDA or other closing documents with respect to the Project, (ii) the execution and delivery of an agreement by and between the parties to terminate this LOI, (iii) the date that either Corvias or CSWA notifies the other in writing that it is withdrawing from negotiations with respect to the Project, (iv) the expiration of one hundred twenty (120) days after the date that this LOI is countersigned and delivered by CSWA, or (v) such other time as agreed to by the parties in writing (the “Negotiation Period”). If the parties do not enter into the PDA or other closing documents for the Project prior to the expiration of the Negotiation Period, this LOI shall terminate automatically upon the expiration of the Negotiation Period, without the necessity of any further action by the parties, and CSWA, without any liability whatsoever to Corvias, shall thereafter have the right to negotiate the development, construction and management of the Project with any other party.

During the Negotiation Period, the parties shall enter into good faith negotiations to attempt to agree upon and enter into the PDA or other closing documents for the Project. At the commencement of the negotiations, Corvias shall confirm to CSWA that it already has provided to CSWA (i) the pro forma projections and partnership overview related to the Project that Corvias has developed which is subject to change, based on revenue projections, design, review and revisions by CSWA and Corvias and (ii) Corvias’ intended possible sources of funding for the Project, dependent upon the final projected costs.

Corvias’ counsel shall be responsible for generating the initial draft of the PDA and other operative agreements for the Project, the cost of which shall be a reimbursable transition cost pursuant to the terms of the PDA.

Neither CSWA nor Corvias shall be prohibited from disclosing the general nature of the proposed transaction (i.e. that there is a proposed CBP3 between them and describing the components of the Project), as opposed to the specific business terms of the Project. Both parties shall coordinate with the other before making any formal disclosures to the public, including but not limited to city officials, community and neighborhood organizations.

If CSWA agrees to the terms set forth in this LOI, please have a duly authorized person countersign this LOI on behalf of CSWA and return it to the undersigned at your earliest convenience. This LOI may be signed in separate counterparts, each of which shall be enforceable against the party executing same, and all of which, when taken together, shall constitute a single and enforceable agreement.

We are extremely excited about the opportunity to work with the Stormwater Authority for the City of Chester to develop an enduring partnership that will benefit Chester's residents for generations to come.

Thank you for your consideration.

Regards,

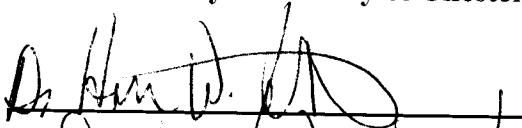
Corvias Solutions, LLC

Greg Cannito
Managing Director

Accepted and agreed to as of 1-13, 2017

The Stormwater Authority of the City of Chester, Pennsylvania

Signature:



Printed Name:

Donald W. Strand

Title:

Executive Manager

Exhibit A
Summary of Proposed Structural and Business Terms

1. Key Attributes of Proposed Agreement

Corvias recommends a model for the transaction structure and a financing option which will transition CSWA into a fully-functioning public utility, utilizing stormwater fees collected from both commercial and private landowners, through the following:

- Develop and implement a stormwater management fee to be assessed by the CSWA and collected by the Chester Water Authority
- Raise significant lowest cost of non-recourse capital public and/or private sources with a baseline financing structure that ensures a low initial availability payment by CSWA to:
 - Retrofit at least 350 acres in the City utilizing Green Stormwater Infrastructure (“GSI”);
 - Combat chronic flooding in the City and spearhead resilience planning for the City;
 - Catalyze City economic development and reinvigoration of blighted neighborhoods;
 - Manage and ensure compliance of the City’s MS4 permit requirements; and
 - Address and improve Total Maximum Daily Load conditions of local water bodies
- Support the development and implementation of requisite internal infrastructure for the CSWA
- Reinvestment of all Savings and Residual Cash Flow back into program
- Up to a 30-year development program to ensure green stormwater infrastructure is continually operated, maintained and/or replaced, if necessary
- CSWA retains control through a proven governance structure that aligns interests and offers long-term financial sustainability for CSWA and thus provides CSWA with more flexibility, control, and resources for the future
- CSWA retains ownership of land, and improvements as well as control of mission critical services
- Fixed partnership fee based on performance and aligned interests

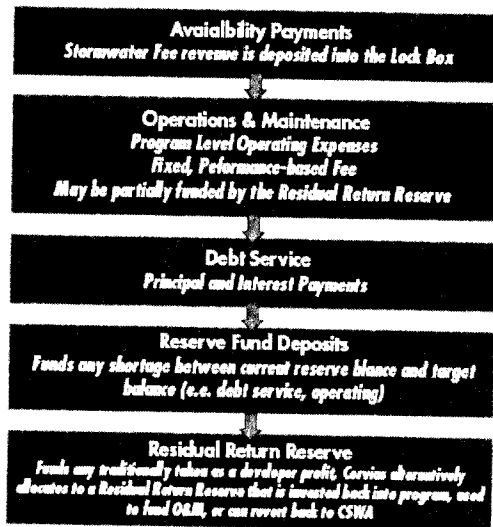
2. Financing Options

Corvias will utilize the most efficient financing method to best meet the goals and objectives of CSWA. First, Corvias will seek out Federal and State funding programs such as the Pennsylvania Infrastructure Investment Authority (PENNVEST) Clean Water State Revolving Program for the design and construction capital costs; and secondly, Availability Payments and Reinvestment of Savings and Residual Cash Flow to fund long-term operations and maintenance costs, which includes fixed, performance based fees and the construction debt payments on the SRF loan.

3. Key Operative Agreements

- a. Master Program (Concessionaire) Agreement
- b. Operating Agreement
- c. Loan Agreement

4. Revenue Waterfall



5. Fees to be Earned by Corvias

Corvias' only operational compensation is in the form of certain pre-negotiated fixed and performance-based incentive fees. Corvias does not participate in the residual cash flow of any of our partnerships (like a typical real estate developer), and is therefore happy to oblige our partners' priorities when laying out the financing structure for a partnership.

The fixed fees are set to value creation and the performance-based incentive fees are based upon Key Performance Indicators (KPIs) as established by the partnership and agreed to by CSWA. If KPIs are not met, following a mutually acceptable cure period, any unearned performance-based incentive fees remain in the Project for future project needs. This structure ensures Corvias is not reliant on net cash flow from the Project, thus aligning its interests with the CSWA and redirecting all net cash flow back to the Project.

Compensation proposed by Corvias includes:

- **Partnership Fee:** Corvias will be compensated for partnership related services provided to our partners that may include, but are not limited to:
 - community and stakeholder engagement,
 - communications and marketing support,
 - governance structure implementation,
 - partner/stakeholder collaborative solution services,
 - financing/legal structuring services,
 - management of development services,
 - construction owners representation services, and
 - risk mitigation services (construction delivery, financing and operational)
- **Performance-Based Incentive Fees:** The performance-based incentive fees ensure that throughout the duration of the partnership, Corvias is continually providing top-quality operations. The award of this fee will be paid to Corvias pursuant to the achievement of Key Performance Indicators (KPIs) as established by the partnership. Finance and development portions of the partnership fee will be earned on the total capital raise.

Additional components of the partnership fee will be based on services provided or increased revenue/value added to CSWA.

6. Risk Allocation

The Corvias concessionaire/partnership model mitigates financial and operational risk factors by including the following key financial features into the structure of the program:

- The partnership establishes a long-term (30 years) sustainable program for CSWA
- Corvias obtains non-recourse, private or public capital with the goals of maximizing scope delivery in the short-term at a cost that results in low debt service costs to the project, thus increasing residual cash flow to CSWA.
- Corvias does not ask CSWA to guarantee debt or provide a financial backstop
- Corvias takes on all construction risk
- Corvias does not require CSWA to provide an equity contribution to fund development
- Corvias will ensure surety bonding and/or guarantees are in place for construction work
- Corvias does not need to invest expensive equity into the program
- Corvias' operational compensation is limited to negotiated fixed fee and performance-based fee structure that maximizes dollars available for the program and incentivizes Corvias to perform as promised
- Corvias reinvests in the program to facilitate sustainment of high-quality GSI over the long-term

Table 2. Benefits and Risks of the Proposed Agreement Structure.

Surety of Funding

Under a debt financing scenario, proceeds are available to be drawn upon as needed. And, with a Direct Lending structure, only the approval of the lender is needed, there is no dependence on multiple investors that could change the terms of the structure. In addition to operational requirements being fully funded through the life of the Project, the Corvias model returns Residual Cash Flow to the Program through deposits into a Reinvestment Fund which can be used for additional investment in the Project or to address unforeseen conditions.

Long-term Viability

Unlike traditional construction contracts with a fixed investment and effort toward immediate cost savings, the Corvias model focuses on the goals, objectives, and best interests of the Project. The proposed financing structure provides for maximum funding for construction, stable operating cash flow for the full project, and residual cash flow to be returned to CSWA or reinvested at the discretion of CSWA. This allows for the Program to be upgraded throughout the life of the Project, ensuring current and modern housing at the end of the Project, not one that is obsolete.

Financial Transparency

Corvias earns only negotiated fixed and performance-based incentive fees as agreed to by the partners. In addition to approving fees, CSWA would also have approval rights on annual budgets, and will receive regular progress reports and updates from the Partnership.

<p>Interest Rate Fluctuation (Pre and Post Close)</p>	<p>Prior to close, there could be interest rate fluctuations in the market that could adversely impact the amount of debt raised. To protect against such risk between Program Award and Financial Close, Corvias will: work to minimize timing between these two dates, engage rating agencies early in the process, utilize an interest rate buffer in all financial models, and will also consider a rate lock on benchmark rates as a means to secure financing in an amount sufficient to cover the proposed scope of work. At Financial Close, and for the term of the loan, the interest rate on the financing under any capital structure scenario will be fixed, thus protecting against future rate fluctuations which is key in a rising interest rate environment.</p>
<p>Default Risk</p>	<p>A Capitalized Interest Reserve protects the project during the phase of the Project with the most risk, Construction. In addition, an Operating Reserve protects net operating income from unforeseen expenses, thus ensuring the ability to make debt payments. In the unlikely event net operating income is unable to meet debt service, the Reinvestment Fund can serve as an additional reserve to protect the Project from default.</p>
<p>Managing Unforeseen Conditions</p>	<p>The financing structure puts in place various reserve accounts that could be tapped if needed. These reserves can be drawn upon to make debt payments if there is a shortfall in available cash, cover any shortfall in operations thus keeping cash flow stable, or to respond to an emergency. The overall structure is intended to be redundant, providing security and assurance in the event of unforeseen conditions or cost overages.</p>
<p>Transfer of Risk</p>	<p>Financial risk is transferred to the new Project which will bear the burden of capital raised and default. CSWA's only financial contribution to the Project is the stormwater management fees. Because of this separation of financial risk, CSWA has the ability to begin creating a positive credit rating.</p>

Exhibit B

Corvias Team Members and Their Roles

Name	Organization	Title/Role
Greg Cannito	Corvias Solutions, LLC	Managing Director
Jason Washington	Corvias Solutions, LLC	Vice President, Partnership Development
Troy Hunt	Corvias Solutions, LLC	Vice President, Operations
Sean Agid	Corvias Solutions, LLC	Partnership Development Associate
Bill Culton	Corvias	General Counsel