

EXHIBIT “A”

**GENERAL TERMS AND CONDITIONS OF AGREEMENTS AMONG THE
CITY OF PHILADELPHIA, THE PHILADELPHIA MUNICIPAL AUTHORITY
AND THE OTHER PARTIES THERETO
REGARDING THE CONSTRUCTION AND FINANCING OF
A BIOGAS COGENERATION PLANT**

Agreement	This Term Sheet sets forth the principal terms and conditions to be reflected in Agreements (the “ <u>Agreements</u> ”), which will set forth the commitments, conditions and obligations of the City, the Philadelphia Municipal Authority and other parties relating to a transaction involving the leasing, construction, financing, operation and ongoing maintenance with respect to the Facility (as defined herein).
The Facility	The Facility will consist of a new combined heat and power plant (the “ <u>Facility</u> ”) to be constructed on a portion of a parcel of City-owner ground located at the Northeast Water Pollution Control Plant (the “ <u>Plant</u> ”) at 3899 Richmond Street, Philadelphia, Pennsylvania (the “ <u>Facility Site</u> ”).
Contractor	Ameresco, Inc. (“ <u>Ameresco</u> ” or the “ <u>Contractor</u> ”) will construct the Facility. Ameresco is a leading independent provider of comprehensive energy efficiency and renewable energy solutions for similar facilities throughout North America.
Fuel	The Facility will be fueled by (i) digester gas produced from the City’s wastewater treatment processes at the Plant; and (ii) natural gas procured by the City.
Facility Output	All heat and electricity produced by the Facility will be provided by the Facility to the City for its own use at the Plant.
Site Lease	The City, as landlord, will enter into a site lease agreement with the Authority with respect to the Facility Site (the “ <u>Site Lease</u> ”), with a term that will permit access, construction and maintenance of the Facility as contemplated under the proposed Facility Lease as described herein. The Site Lease will have customary terms and conditions and will permit access by the Owner and Contractor both during the construction phase and the Term of the Facility Lease. The Authority will enter into a sublease (collectively with the Site Lease, the “ <u>Site Leases</u> ”) with the Lessor (as defined herein). The Site Lease will be authorized by a

	separate ordinance (Bill 110517).
Facility Cost	The total Facility cost will be approximately \$46,500,000. The Facility has been designed by a private engineering firm, AECOM, under contract to the City. The City will assign its contract with the AECOM to Ameresco allowing Ameresco to have complete design/build responsibility for the Facility. In order to facilitate meeting deadlines for ARRA provisions, Ameresco will pay the City for the AECOM costs that have been made to date. This is approximately \$2,500,000 which will be paid the City. This same amount will then be added to the total Facility cost.
Economic Opportunity Plan	The project is subject to an Economic Opportunity Plan (“EOP”) which will provide significant opportunities for women, minority and disabled person owned businesses. The Contractor is committed to creating opportunities for local hiring, including women and minorities, during the Construction period and during the Operations and Maintenance period. The EOP is attached as Exhibit “B’.

<p>Construction</p>	<p>The Contractor will construct the Facility using a project design that was prepared for the City by AECOM and such changes as approved by the parties (the “<u>Project Design</u>”) pursuant to an Engineering, Procurement and Construction Agreement (the “<u>Construction Agreement</u>”), with terms and conditions customary in the industry with respect to the construction of similar projects.</p> <p>Pursuant to the Construction Agreement, the Contractor shall perform and provide all engineering, procurement, construction permitting, fabrication, construction, installation, commissioning, start-up, testing and related services required to complete the Facility in a manner consistent with the Project Design.</p> <p>The City is responsible for permits and approvals that can be obtained only by the owner of the Plant. The City will agree to perform Authority’s obligations under construction documents as required for facilitation of the construction. They will include providing utilities and similar responsibilities.</p> <p>Construction is expected to commence immediately following closing of the construction financing described below.</p> <p>To the extent that change orders (each, a “<u>Change Order</u>”) are required relating to the Project Design or otherwise, the Facility cost may be subject to certain adjustments in accordance with a mechanism to be agreed upon by the parties.</p> <p>The Contractor shall engage an independent engineer to provide applicable services with respect to evaluation of the construction and performance of the Facility.</p>
<p>Operation and Maintenance</p>	<p>The Facility will be operated by the City using City personnel. Significant maintenance, including the rebuilding of generators, will be required during the lease term. The Contractor will be engaged by the Authority pursuant to a long-term maintenance agreement (the “<u>Maintenance Agreement</u>”) to provide ongoing maintenance for the Facility throughout the term of the proposed project. Maintenance costs will vary in accordance with major maintenance requirements, but will average \$2,500,000 per year.</p>
<p>Construction Closing</p>	<p>Closing of the construction financing is expected to occur in 2011, subject to all necessary approvals, including required permits.</p>

Lease Financing	Upon substantial completion of construction of the Facility, which is expected to occur in January 2013, the City will begin to have monthly payment obligations under a lease financing arrangement with the Authority for the Facility. In turn, the Authority as Lessee, will have lease payment obligations to Banc of America Public Capital Corp or its affiliate.
Lease Term; Early Buyout and Purchase Options	The lease will have a 16-year term under which the City would have both an early buyout option and the right to purchase the Facility at the end of the term of the lease on agreed upon terms that would be structured to permit the Facility to remain eligible for all available U.S. federal income tax benefits.
Federal Income Tax Benefits	The lease and sublease are expected to enable the Facility and its owner to be eligible for certain U.S. federal tax incentives, including a 1603 Cash Grant in lieu of an Investment Tax Credit and enhanced depreciation benefits. The 1603 Cash Grant is only available for qualifying facilities that commence construction on or before December 31, 2011. These benefits are not available to the City or the Authority as governmental entities.
Lease Payments	The annual Lease Payment cost is expected to be approximately \$3.0 million per year based on current interest rates, the expected total Facility cost and anticipated federal income tax benefits. The Lease Payment shall be subject to adjustment based on the prevailing interest rates at the time of commencement of the Lease in accordance with an index to be agreed upon by the parties. In the event that (i) the Facility cost is more than initially anticipated due to one or more Change Orders or (ii) the Facility is no longer eligible for certain anticipated federal income tax benefits, Lease Payments under the Lease may be adjusted in accordance with a process to be agreed upon by the parties.
Lessor	The owner of the Facility (“ <u>Lessor</u> ”) will be a special purpose entity organized as either an owner trust or a limited liability company established for the purpose of holding the Facility assets, which will be beneficially owned by Banc of America Capital Corp or an affiliate, as “Owner Participant.”
Appraisal	All fair market value determinations with respect to the Facility, including stipulated loss and termination values shall be determined on the basis of an independent appraisal retained by the Facility Lessor and selected through procedures to be agreed upon in the Facility Lease.

Project Agreements	<p>At the time of execution of the Agreement, it is expected that the following key project documents will be executed by the City and the other parties as indicated below:</p> <table border="1" data-bbox="537 338 1393 896"> <thead> <tr> <th data-bbox="537 338 967 373">Project Agreement</th> <th data-bbox="967 338 1393 373">Parties</th> </tr> </thead> <tbody> <tr> <td data-bbox="537 373 967 489">Participation Agreements</td> <td data-bbox="967 373 1393 489">City and Authority; Authority, Contractor, Owner Participant and Lessor</td> </tr> <tr> <td data-bbox="537 489 967 604">Construction Agreements</td> <td data-bbox="967 489 1393 604">City and Authority; Authority, Contractor and Lessor</td> </tr> <tr> <td data-bbox="537 604 967 674">Facility Leases</td> <td data-bbox="967 604 1393 674">City and Authority; Authority and Lessor</td> </tr> <tr> <td data-bbox="537 674 967 743">Maintenance Agreements</td> <td data-bbox="967 674 1393 743">City and Authority; Authority and Contractor</td> </tr> <tr> <td data-bbox="537 743 967 896">Site Leases</td> <td data-bbox="967 743 1393 896">City and Authority; Authority, Contractor and Lessor</td> </tr> </tbody> </table> <p>Other customary collateral documentation for a project of this type is expected to be executed upon closing of the construction financing.</p>	Project Agreement	Parties	Participation Agreements	City and Authority; Authority, Contractor, Owner Participant and Lessor	Construction Agreements	City and Authority; Authority, Contractor and Lessor	Facility Leases	City and Authority; Authority and Lessor	Maintenance Agreements	City and Authority; Authority and Contractor	Site Leases	City and Authority; Authority, Contractor and Lessor
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Authorizations	<p>Each party shall furnish, at or immediately prior to execution of the Agreement, or at such other date as may be applicable under the circumstances, reasonably satisfactory evidence of all required authorizations and approvals.</p>												