

APPENDIX A
to the Participation Agreement (SDMFA-2003-~~K~~F1)

Lease Financing of Waste Water Collection and Treatment Facility

DEFINITIONS AND RULES OF USAGE
RELATING TO THE OPERATIVE DOCUMENTS

SECTION 1. Rules of Usage.

The following rules of usage shall apply to this Appendix A and the Operative Documents unless otherwise required by the context:

- I. Singular words shall connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate.
- II. Unless otherwise indicated, references within any document to appendices, articles, schedules, sections, paragraphs, clauses or exhibits are references to appendices, articles, schedules, sections, paragraphs, clauses or exhibits in or to such document.
- III. The headings, subheadings and table of contents are solely for convenience of reference and shall not constitute a part of any such document nor shall they affect the meaning, construction or effect of any provision thereof.
- IV. References to any Person shall include such Person, its successors and permitted assigns and transferees.
- V. Except as otherwise expressly provided, reference to any agreement means such agreement as amended, modified or supplemented from time to time in accordance with the applicable provisions thereof.
- VI. References to “including” shall mean including without limiting the generality of any description preceding such term and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.
- VII. Each of the parties to the Operative Documents and its counsel have reviewed and revised, or requested revisions to, the Operative Documents, and the usual rule of construction that any ambiguities are to be resolved against the drafting party

shall be inapplicable in the construction and interpretation of the Operative Documents.

- VIII. With respect to the Facility, unless otherwise indicated, references herein or in any Operative Document to, Facility Value, Applicable Rate, Closing Date, Equity Lease Payments, Debt Lease Payments, Equity Discount Rate, Equity Portion, Equity Lease Payments, Head Lease Payment, Head Lease Basic Term, Head Lease Basic Term Expiration Date, Head Lease Renewal Term, Head Lease Term, ~~User Head Lease Payment, User Head Lease Basic Term, User Head Lease Renewal Term, User Head Lease Term,~~ Owner Participant's Commitment, Loan Amount, Prepaid Rent Balance, Prepaid Rent Interest Rate, Prepaid Rent Loan Balance, Purchase Option Price, Refinancing Loan Amount, Residual Value Insurance Amount, Service Contract Period, Service Contract Expiration Date, Service Contract Amounts, Service Contract Liquidated Damages, Stipulated Loss Value, Stipulated Loss Value Determination Date, Lease Expiration Date, Lease Rent, Lease Term, Sublease Expiration Date, Sublease Rent, Sublease Term, User Lease Expiration Date, User Lease Rent, User Lease Term, Termination Value and Termination Value Determination Date shall refer to the amount or date, as the case may be, related to the Facility determined by reference to the Lease Supplement, the Sublease Supplement, the User Lease Supplement, the ~~Head Lease Supplement, the User~~ Head Lease Supplement or the related amount or date on Schedule 1 attached hereto.

SECTION 2. Definitions.

The following terms shall have the following meanings in the Operative Documents unless otherwise required by the context:

~~“Acceptable Credit Bank” means, with respect to Acceptable Substitute Credit Protection, a bank or other financial institution the long term unsecured senior debt obligations of which are rated AA or better by S&P and Aa2 or better by Moody’s or whose obligations are guaranteed, insured or otherwise credit enhanced by a bank or financial institution the long term senior unsecured debt obligations of which are so rated. If the institution providing the credit is not a bank, the comparable rating applicable to such institution will suffice for purposes of this definition.~~ **Party” means, with respect to any Acceptable Lease Collateral, a Credit Party that meets the Ratings Test and satisfies the Credit Standards at the time of issuance thereof.**

~~“Acceptable Issuer” means a Person domiciled in the United States, Canada or the European Union whose Dollar denominated long term senior unsecured debt obligations are rated at least Aa2 by Moody’s and AA by S&P and is not on credit watch with negative implications that would result in a downgrade below such minimum requisite rating (or its guarantor meets such standards) so long as (A) such institution (and its guarantor, if applicable) does not violate the Owner Participant’s credit policies at the date the relevant Acceptable Lease Collateral is issued or pledged to the Lessor, including with respect to country credit exposure limits; (B) in the case of a Person proposed to provide an equity payment undertaking agreement, it is not illegal, at the date~~

~~of issuance thereof, for the relevant parties to enter into such arrangements with such Person (or its guarantor, if applicable); and (C) there is, at the date the relevant Acceptable Lease Collateral is issued or pledged to the Lessor, no material litigation, dispute or arbitration proceeding between the Owner Participant and such Person (or its guarantor, if applicable) which litigation is threatened, pending or in progress.~~

~~“Acceptable Lease Collateral” means (i) any Acceptable Letter of Credit issued by an Acceptable ~~Letter of Credit Issuer~~; or (ii) ~~a first priority perfected security interest Credit Party~~, (ii) U.S. Government Obligations or (iii) any Equity Deposit issued by an Acceptable Credit Party; provided that any of the foregoing that provides for payments to be made to the Lessee shall be pledged to the Lessor pursuant to documentation ~~satisfactory in form and substance to the Owner Participant and, if applicable, its assignee, in collateral that shall be Treasury Obligations; or (iii) a collateralized payment undertaking agreement issued by an Acceptable Issuer substantially in the form of the Equity Payment Agreement or other documentation satisfactory in form and substance to the Owner Participant and, if applicable, its assignee.~~in form and substance reasonably satisfactory to the Owner Participant and the Lessee.~~

~~“Acceptable Letter of Credit Issuer” means a banking institution domiciled in the United States, Canada or the European Union whose Dollar denominated long term senior unsecured debt obligations are rated at least Aa2 by Moody’s and AA by S&P and is not on credit watch with negative implications that would result in a downgrade below such minimum requisite rating (or its guarantor meets such standards) so long as (A) such institution (and its guarantor, if applicable) does not violate the Owner Participant’s credit policies at the date of issuance of the relevant Letter of Credit, including with respect to country credit exposure limits; (B) it is not illegal, at the date of issuance of the relevant Letter of Credit, for the relevant parties to enter into such arrangements with such Acceptable Letter of Credit Issuer (or its guarantor, if applicable); and (C) there is, at the date of issuance of the relevant Letter of Credit, no material litigation, dispute or arbitration proceeding between the Owner Participant and such Acceptable Letter of Credit Issuer (or its guarantor, if applicable) which litigation is threatened, pending or in progress.~~

~~“Acceptable Substitute Credit Protection” means with respect to any Payment Agreement or any Acceptable Substitute Credit Protection:~~

~~(x) — any Dollar denominated instruments or securities issued by and carrying the full faith and credit or equivalent support of (a) the government of the United States of America, The Netherlands, the United Kingdom, the Federal Republic of Germany or Switzerland or (b) such other institutions or governments as are reasonably acceptable to the Owner Participant and, if the Lien of the Loan Agreement has not been discharged, the Holders of the Loan Certificates, so long as at the time of substituting the Acceptable Substitute Credit Protection described in this clause (x) for such Payment Agreement or other Acceptable Substitute Credit Protection (i) in the case of any instrument or security issued by any issuer described in clause (a) only, there has not been a material adverse change in the~~

~~financial condition of the issuer or of the Person providing the full faith and credit or equivalent support (the “*Support Entity*”) of such Acceptable Substitute Credit Protection since the Closing Date (including, without limitation any downgrading or proposed downgrade of the credit rating of such issuer or of such Support Entity or the credit rating of such issuer or of such Support Entity being placed under review); (ii) the nature and amount of such Acceptable Substitute Credit Protection is acceptable to the appropriate credit, investment or other approval committees or officer of the Owner Participant and, if the Lien of the Loan Agreement is in effect, the Holders of the Loan Certificates, with respect to limitations on total credit exposure to such Acceptable Substitute Credit Protection issuer or Support Entity, or, if applicable, limitations on total credit exposure to the country in which such Support Entity is the government; (iii) there is no then generally applicable lending or other internal policy of the Owner Participant and, if the Lien of the Loan Agreement is in effect, the Holders of the Loan Certificates that would be inconsistent with its continued participation in this transaction with the Acceptable Substitute Credit Protection; (iv) it is not illegal for the parties to enter into such arrangements with such Acceptable Substitute Credit Protection; (v) there is no material litigation, dispute or arbitration proceeding between the Owner Participant, the Lessee or, if the Lien of the Loan Agreement is in effect, the Holders of the Loan Certificates on the one hand and the issuer or Support Entity of such Acceptable Substitute Credit Protection on the other hand which litigation, dispute or arbitration is threatened, pending or in progress; and (vi) such Acceptable Substitute Credit Protection shall remain in full force and effect at all times until the Maturity Date and shall at all times have a marked to market value equal to at least 120% of the outstanding principal amount of the Loan Certificates and provide for the payment of amounts equal to the Debt Lease Payments related to the Loan Certificates (as the same may be adjusted from time to time pursuant to Section 3(d) of the Lease) (taking into account a requirement that such Acceptable Substitute Credit Protection be marked to market at least once annually and at such other time as the Owner Participant and, so long as the Lien of the Loan Agreement is not discharged, the Holders of the Loan Certificates may reasonably request), in each case, at the times such amounts are payable, or~~

~~(y) — one or more standby letters of credit or a payment undertaking agreement substantially similar to such Payment Agreement or Acceptable Substitute Credit Protection being replaced (A) issued by a bank or financial institution qualifying as of the date of issuance of such Acceptable Substitute Credit Protection as an Acceptable Credit Bank and (B) in the case of any letter of credit, having an aggregate stated amount at least equal to the outstanding principal amount of, and interest expected to accrue over the next twelve months on, the Loan Certificates and, in the case of a payment undertaking agreement, providing for the payment of amounts equal to the Debt Lease Payments related to the Loan Certificates (as the same may be adjusted from time to time pursuant to Section 3(d) of the Lease), so long as at the time of substituting the Acceptable Substitute Credit Protection described in this clause (y) for such Payment Agreement or other Acceptable Substitute Credit Protection (i) the nature and~~

~~amount of such Acceptable Substitute Credit Protection is acceptable to the appropriate credit, investment or other approval committees or officer of the Owner Participant and, if the Lien of the Loan Agreement has not been discharged, the Holders of the Loan Certificates, with respect to limitations on total credit exposure to such Acceptable Substitute Credit Protection issuer, or, if applicable, limitations on total credit exposure to the country in which such issuer is located; (ii) there is no then generally applicable lending or other internal policy of the Owner Participant and, if the Lien of the Loan Agreement has not been discharged, the Holders of the Loan Certificates, that would be inconsistent with its continued participation in this transaction with the Acceptable Substitute Credit Protection; (iii) it is not illegal for the parties to enter into such arrangements with such Acceptable Substitute Credit Protection; (iv) there is no material litigation, dispute or arbitration proceeding between the Owner Participant, the Lessee or, if the Lien of the Loan Agreement has not been discharged, the Holders of the Loan Certificates on the one hand, and the issuer of such Acceptable Substitute Credit Protection on the other hand, which litigation, dispute or arbitration is threatened, pending or in progress; and (v) such Acceptable Substitute Credit Protection shall remain in full force and effect at all times until the Maturity Date (provided that a letter of credit may have an earlier expiry date so long as suitable arrangements are agreed to by the Lessee, the Owner Participant and, if the Lien of the Loan Agreement remains in effect, the Holders respecting substitution of new letters of credit or cash therefor during such period), which Acceptable Substitute Credit Protection shall be accompanied by such certificates, opinions and other documents as the Owner Participant and, if the Lien of the Loan Agreement has not been discharged, the Holders of the Loan Certificates may reasonably request to evidence the enforceability of such Acceptable Substitute Credit Protection.~~

~~“*Access Agreement*” means the Access Agreement (SDMFA-2003-K1), dated as of the Closing Date, among the Trust, the Authority and the User.~~

“*Acceptable Letter of Credit*” means an irrevocable, unconditional standby letter of credit (a) issued by an Acceptable Credit Party (or confirmed by an Acceptable Credit Party in the event the issuer of such letter of credit is not an Acceptable Credit Party) for the benefit of the Trust, (b) having a stated expiration date of not earlier than two years after the date of the original issuance thereof (or having a term of one year so long as the term of such letter of credit is automatically renewed for another year unless the issuer thereof provides a cancellation notice to the Trust at least ninety (90) days prior to the end of the existing term), (c) that is payable or negotiable at an office of the Acceptable Credit Party in New York City in the event that a Drawing Event shall have occurred and be continuing, (d) that is payable in Dollars in immediately available funds, (e) that is governed by the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, and any amendments or revisions thereto and, to the extent not governed thereby, the laws of the State of New York, (f) that shall permit the beneficiary thereof to assign its interest therein without a fee or the consent of any other party in connection with any transfer by

the Trust of its interest under the Operative Documents in accordance with the terms thereof and (g) that shall otherwise be in form and substance reasonably satisfactory to the Owner Participant.

“*Access Rights*” has the meaning given such term in ~~the Access Agreement.~~ Section 4 of the Head Lease.

~~“*Account Collateral*” has the meaning given such term in the Custody Agreement.~~

~~“*Account Pledge and Security Agreement*” means the Account Pledge and Security Agreement (SDMFA 2003-K1), dated as of the Closing Date, between the Equity Payment Undertaker, as Pledgor, and the Trust, as Pledgee.~~

[“*Additional Bonds*” means Bonds hereafter issued by the User and secured or otherwise payable in whole or in part by a pledge of Revenues.]

“*Additional Insureds*” has the meaning given such term in Section 10(b) of the Lease.

“*Adjustment Notice Date*” means the date which is [] Business Days prior to the date of initial issuance of any Equity Deposit and, for each Market Adjustment Period commencing thereafter during any period when such Equity Deposit is required to be maintained pursuant to Section 21 of the Participation Agreement, the [] Business Day immediately preceding such Market Adjustment Period; provided, however, that if any such day is not a Business Day, the Adjustment Notice Date shall be the next succeeding Business Day.

“*Affiliate*”, with respect to a specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing; *provided, however*, that, except as otherwise expressly provided in the Operative Documents, the Trust Company shall not be considered to be an Affiliate of any of the Trust, the Trust Company or the Owner Participant and none of the Trust, the Trust Company or the Owner Participant shall be considered to be an Affiliate of the Trust Company.

“*After-Tax Basis*” means, with respect to any payment received or deemed to have been received by any Person, the amount of such payment (the base payment) supplemented by a further payment (the additional payment) to that Person so that the sum of the base payment plus the additional payment shall, after deduction of the amount of all Taxes required to be paid by such Person in respect of the receipt or accrual of the base payment and the additional payment (taking into account any current credits or deductions arising therefrom and the timing thereof), be equal to the amount required to be received. Such calculations shall be made on the basis of the amounts of Taxes

actually required to be paid by or on behalf of the recipient; *provided, however*, that in the case of any Person that is a U.S. Person, such calculation shall be made on the assumption that the recipient is subject to U.S. federal income taxation at the highest applicable marginal rate applicable to corporations for the relevant period or periods and is subject to state and local income taxation at the highest applicable marginal rates applicable to such U.S. Person for the relevant period or periods.

~~“AIG” means American International Group, Inc., a Delaware corporation.~~

“**Applicable Law**” means, with reference to any Person, all laws, statutes, treaties, rules, codes, ordinances, regulations, certificates, orders, interpretations, licenses and permits of any federal, state, county, municipal, foreign, international or regional or provincial or other Governmental Authority, agency, board, department, body or instrumentality and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction, in each case to the extent applicable to such Person or its property, including with respect to the Facility all rules, regulations, orders, interpretations, directives, licenses and permits of any Governmental Authority in which the Facility is located relative to its use, maintenance and operation.

“**Applicable Rate**” means the Applicable Rate per annum as specified on Schedule 1 to this Appendix A based on a 360-day year of twelve 30-day months, or such other rate as shall have been agreed to pursuant to Section 2.13 of the Loan Agreement.

“**Appraisal**” means the appraisal of the Facility performed by the Appraiser in form and substance satisfactory to the Owner Participant.

“**Appraiser**” means Ernst & Young LLP.

[“**Appropriated Payments**” means amounts expressly appropriated from time to time by the South Dakota Legislature for expenditure by the State for payment of Sublease Rent and Sublease Supplemental Rent.]

~~“**Assignment Agreement**” means the Agreement for Assignment on Default (SDMFA-2003-K1), dated as of the Closing Date, among the Authority, the Owner Participant, the Trust, the LC Issuer and the Strip Surety Provider.~~

“**Assignment and Assumption Agreement**” means an assignment and assumption agreement, substantially in the form of Exhibit A to the Participation Agreement, to be entered into in accordance with Section 14(a) of the Participation Agreement.

“**Assumed Obligations**” has the meaning given such term in Section 3 to the Assignment and Assumption Agreement.

“**Authority**” means the South Dakota Municipal Facilities Authority, a body corporate and politic of the State of South Dakota established pursuant to the MFA Act.

~~["**Authority Guaranty**" means the Authority Guaranty (SDMFA-200-K1), dated as of the Closing Date, issued by the State and the User.]~~

"Bankruptcy Code" means the United States Bankruptcy Code as set forth in Title 11 of the United States Code, as amended from time to time and any successor provision.

"Bankruptcy Default" means an event that is a Default under Section 16(d), (e), (f) or (g) of the Lease.

"Base Rate" means at any time for the determination thereof, the then current yield, based on the rate published by the Federal Reserve Board in the Federal Reserve Board Statistical Release: Selected Interest Rates H.R. (519) (or any successor publication) for 7-year Treasury constant maturities.

"Basic Tax Assumptions" has the meaning given such term in Section 2 of the Tax Indemnification Agreement.

"Bid Acceptance Date" means the date that is three (3) months after the Bid Deadline Date.

"Bid Deadline Date" means the date that is six (6) months after the Service Contract Option has been elected (or deemed to have been elected).

~~["**Bond Ordinance**" means any ordinance or resolution adopted by the User relating to the issuance of any Bonds or Additional Bonds.]~~

~~["**Bonds**" means any existing bond issued by the User to finance or refinance the Facility or any improvement or addition thereto or equipping thereof and are payable in full or in part out of Revenues, which are described on Schedule [V] to the Participation Agreement.]~~

"Burdensome Event" means either of the following:

- (a) one or more events occurring after the Closing Date that are outside the control of any Lessee Person resulting in an obligation of the Lessee to pay (or reimburse for) any Tax (including withholding Taxes) or other amount under the Tax Indemnification Agreement or under Section 15(c) of the Participation Agreement that would be avoided by exercise of the purchase option set forth in Section 14(e) of the Lease pursuant to the terms thereof if the present value of such obligation (discounting at the Applicable Rate on a semi-annual basis amounts reasonably expected to be payable in the future) exceeds 1.5% of Facility Value unless the Indemnitee with respect to such obligation waives its rights with respect to such "excess" amount or the Owner Participant arranges for payment of such obligation in a manner acceptable to such Indemnitee in its sole discretion; or

(b) it becomes illegal under Applicable Law for (1) the User to continue the User Lease or to pay User Lease Rent or User Supplemental Rent thereunder, (2) the State to continue the User Lease or the Sublease or to pay Sublease Rent or Sublease Supplemental Rent thereunder, or (3) the Authority to continue the Sublease or the Lease or to pay Lease Rent or Lease Supplemental Rent thereunder;

provided, however, that, if the User does not exercise the purchase option under Section 14(e) of the Lease within 180 days of the occurrence of an event described above, the occurrence of such event shall no longer constitute a “*Burdensome Event*”.

“*Business Day*” means any day other than a Saturday, a Sunday or a day on which commercial banking institutions in New York, New York, ~~Rapid City~~ Aberdeen, South Dakota, or the city in which the principal office of the Trust Company is located, are authorized or required by law to be closed.

“*Capacity*” shall mean the capacity to transport and treat waste water, which shall be expressed in Population Equivalents and a flow rate measured in m³/s, for the period or periods contemplated by Section 14(d) of the Lease.

“*Capacity Charges*” means the amounts (including, if applicable, [Facility Fair Market Value Capacity Amounts]) that are or will be payable by a Qualified Bidder in respect of the Capacity, as reflected in the relevant Capacity Purchase Bid and/or Capacity Purchase Agreement, as applicable.

“*Capacity Purchase Agreement*” means an agreement between the Trust and a Qualified Bidder that: (a) sets forth the terms for the delivery to the Qualified Bidder of, and payment by the Qualified Bidder for, the Capacity; (b) commences on the Lease Expiration Date; (c) has a term that ends on the expiration of the Service Contract Period; (d)(i) except as set forth in clause (ii) below, provides for the sale of Capacity at fair market value by reference to a fixed spread over twelve month LIBOR for Capacity Charges to be paid by such Qualified Bidder [and (ii) if the Facility (or a portion thereof) that has a [FMV Reset Date], provides for the sale of Capacity as set forth in clause (i) above to the FMV Reset Date, and on and after the FMV Reset Date, provides for the sale of Capacity in respect of the relevant Treatment Facility at [Facility Fair Market Value Capacity Amounts], and provides for the sale of Capacity in respect of the Collectors at fair market value by reference to a fixed spread over twelve month LIBOR for Capacity Charges]; (e) sets forth unconditional "take or pay" payment obligations of the Qualified Bidder with respect to its share of the Capacity, provided that if such share is not available for any reason beyond specified temporary periods, such obligations shall be reduced on a basis to be negotiated with the Qualified Bidder; (f) permits the Trust to produce and sell the Capacity to third parties (i) to the extent that such Capacity is not required to be made available to the Qualified Bidder (or if required to be made available, such Qualified Bidder chooses not to take the Capacity under clause (ii) below) and (ii) to the extent that the Qualified Bidder chooses not to take all of the Capacity available to it; (g) permits cancellation by the Qualified Bidder for the "consistent" failure of the Trust to meet its obligations thereunder; (h) allows the Trust to increase the Capacity Charges

payable by such Qualified Bidder to reflect increases in the price of fuel, a reasonable allocable portion of the cost of Facility modifications and improvements, other items determining Estimated Capacity Cost, increases arising from regulatory matters, consumer price index increases or similar increases based on an appropriate index or ascertainable standard or any other items that are customarily the subject of a capacity charge escalator in the waste water treatment industry; (i) requires the Qualified Bidder to provide CPA Credit Support if the credit rating of its unsecured long-term debt obligations (or such obligations of any Person that guarantees the obligations of the Qualified Bidder under the Capacity Purchase Agreement) falls below A by S&P or A3 by Moody's; (j) contains such other terms and conditions as may be necessary to ensure that the Service Contract Option Opinion could be obtained by the Owner Participant; and (k) is otherwise subject to commercially reasonable and customary terms. [whether a “term sheet” exhibit will be used is still to be determined]

“**Capacity Purchase Bid**” means an offer, submitted by a Qualified Bidder to the Trust, the Owner Participant and the Lessee on or prior to the Bid Deadline Date, to enter into a Capacity Purchase Agreement with the Trust, which offer shall set forth, among other items customarily required by capacity sellers and provided by capacity purchasers, the Capacity of such Qualified Bidder, the proposed form of the Capacity Purchase Agreement (which shall include terms and provisions consistent with the terms and provisions described in the definition of Capacity Purchase Agreement) and other appropriate information relevant to the Qualified Bidder, the Trust and the Owner Participant for purposes of the matters contemplated by Section 14(d) of the Lease. The Capacity Charges set forth in any Capacity Purchase Bid shall be based on an assumed interest rate and amortization schedule for the Refinancing Loan and shall be subject to adjustment to reflect the actual Refinancing Interest Rate (including adjustments relating to the use of a variable interest rate) and amortization schedule of the Refinancing Loan as determined pursuant to the procedures set forth in Section 14(d) of the Lease [and Section 2.13 of the Loan Agreement.]

“**Capacity Purchase Term**” shall mean, with respect to each Capacity Purchase Agreement, the term thereof as determined by the respective Qualified Bidders on the basis of the relevant Capacity Purchase Bid (it being understood that the Capacity Purchase Term of any Capacity Purchase Agreement shall in any event end on or prior to the expiration of the Service Contract Period).

“**Capacity Revenue**” means, with respect to a Capacity Purchase Bid or Capacity Purchase Agreement, as applicable, the aggregate amount (determined for the period or periods contemplated by Section 14(d) of the Lease) projected to be payable by a Qualified Bidder in respect of Capacity Charges [(but without regard to any amounts payable as Facility Fair Market Value Capacity Amounts).]

“**Closing Date**” means the Closing Date as specified on Schedule 1 to this Appendix A.

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time.

“*Collateral*” has the meaning given such term in the granting clause of the Loan Agreement.

“*Collateral Documents*” has the meaning given such term in the granting clause of the Loan Agreement.

“*Commitment*” means, with respect to the Owner Participant, the Owner Participant’s Commitment and, with respect to the Lender, the Loan Amount.

[“*Consultant*” means a nationally recognized consultant or firm of consultants, or an independent engineer or firm of independent engineers, or an Accountant, which in any case is qualified and has skill and experience in the preparation of financial feasibility studies or projections for facilities similar to the Facility, selected by the {User} and satisfactory to the {Owner Participant}.]

“*Controlling Party*” has the meaning given such term in Section 15(c)(iii)(C) of the Participation Agreement.

~~“*Corporate Trust Administration*” means the Corporate Trust Administration of the Trust Company located at the principal office of the Trust Company at [————], or such other department or office at which the Trust Company’s corporate trust business shall be administered which the Trust Company shall have specified by written notice to the Lessee, the Owner Participant and the Holders.~~

“*Costs or Expenses*” has the meaning given such term in Section 15(a) of the Participation Agreement.

“*CPA Credit Support*” means collateral security for the obligations of a Qualified Bidder under a Capacity Purchase Agreement in the form of a letter of credit or guarantee, in either case reasonably satisfactory to the Trust; *provided* that (1) the issuing bank or the guarantor is not a Disqualified Person, and (2) the long-term unsecured obligations of the issuing bank or the guarantor have a credit rating of not less than (x) AA- by S&P or Aa3 by Moody’s if the issuing bank or guarantor is not an Affiliate of the Power Purchaser, or (y) A+ by S&P and A1 by Moody’s if the guarantor is an Affiliate of the Qualified Bidder.

“*CPA Criteria*” shall have the meaning given such term in Section 14(d)(iii) of the Lease.

~~“*Custodian*” means [U.S. Bank National Association], in its individual capacity.~~

~~“*Custody Agreement*” means the Custody Agreement (SDMFA-2003-K1), dated as of the Closing Date, among the Equity Payment Undertaker, as Pledgor, the Trust, as Pledgee, and the Custodian.~~

“*Credit Event*” means [————].

“Credit Party” means, with respect to any Acceptable Lease Collateral, either the issuer or obligor thereof (which in either case shall be a bank, insurance company or other financial institution (or Affiliate thereof) that is not a Lessee Person or, so long as the Lien of the Loan Agreement has not been discharged in accordance with its terms, the Lender); provided that, if the obligations of such issuer or obligor are guaranteed (or, in the case of a letter of credit, confirmed) by another Person and such other Person has a higher Credit Rating than such issuer or obligor, the term Credit Party shall, with respect to such Acceptable Lease Collateral, mean such other Person.

“Credit Rating” means, in the case of any Person, the credit rating of such Person’s long-term senior unsecured Dollar denominated debt.

“Credit Standards” means, in the case of any Person, (a) that such Person is acceptable to the appropriate internal committees of the Owner Participant with respect to limits on total credit exposure to such Person and limitations on total credit exposure to the country (other than the U.S.) in which such Person is located, (b) that such Person is acceptable based upon the then existing credit policies or practices of the appropriate internal committees of the Owner Participant, and (c) that such Person is not engaged in any material litigation with the Owner Participant or any of its Affiliates.

“Credit Support” means, collectively, any Equity Deposit, Acceptable Letter of Credit or other Acceptable Lease Collateral provided pursuant to Section 21 of the Participation Agreement.

“*Debt Lease Payments*”, as of any Rent Payment Date, Stipulated Loss Value Determination Date or Termination Value Determination Date, means that portion of Lease Rent payments, Stipulated Loss Value, Termination Value or the first installment of the Purchase Option Price equal to the principal and interest, if any, payable on the Loan Certificates on such dates under the Loan Agreement.

“*Dollars*” or “\$” means U.S. dollars.

“*DPU Loan Agreement*” means the loan agreements dated as of the Closing Date between the Payment Undertaker, the Lender and one or more Affiliates thereof.

“Drawing Amount” means, for any date occurring during an applicable Market Adjustment Period with respect to an Acceptable Letter of Credit provided pursuant to Section 21(a) of the Participation Agreement during such Market Adjustment Period, an amount equal to the excess of the applicable Maximum Default Exposure Amount for such Market Adjustment Period over the Market Value of the Equity Deposit as of [_____].

“*Early Termination Amount*” has the meaning given such term in Section 1.01 of the Payment Agreement.

“*Early Termination Event*” means the earliest of (a) the date of payment by the Lessee of all amounts payable by the Lessee upon exercise of its rights of purchase under Section 14(e) of the Lease, (b) the date of payment by the Lessee of the full amount required to be paid pursuant to Section 9(a) of the Lease with respect to an Event of Loss and (c) the date of termination of the Lease in accordance with Section 15(d) of the Lease.

“*Enabling Act*” means ~~insert name of enabling act for the User~~. [South Dakota Codified Laws, Chapter 9-40](#).

“*Engineer*” means Framatome.

“*Engineer’s Report*” means [].

“*Environmental and Safety Report*” has the meaning given such term in Section 13(b) of the Lease.

“*Environmental and Safety Standards*” has the meaning given such term in Section 13(b) of the Lease.

“*Environmental Law*” means ~~---~~ [all federal, state, and local laws, ordinances, regulations, rules, common law requirements, judgments, decrees, orders, rulings, and other legally binding requirements in effect now or in the future and including all amendments thereto, that relate to Hazardous Substances or the protection of human health and safety, the environment, or natural resources. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Safe Drinking Water Act, 42 U.S.C. Section 300f, et seq., the Oil Pollution Act, 33 U.S.C. Section 2701, et seq., the Clean Air Act, 42 U.S.C. Section 7401, et seq., the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Section 11001, et seq., the Occupational Safety and Health Act, 29 U.S.C. Section 651, et seq., and the Hazardous Materials Transportation Authorization Act, 49 U.S.C. Section 5101, et seq., and their state analogs.](#)

~~“*Equity Collateral*” means (A)(i) the Equity Payment Agreement, the Equity Payment Undertaker Guaranty, the Account Pledge and Security Agreement, the Custody Agreement and the Account Collateral, or (ii) any Acceptable Lease Collateral substituted therefor, (B) the Strip Surety Policy and (C) the Standby Letter of Credit, but excluding from any of the foregoing any Collateral.~~

[“*Equity Deposit*” means a pledge agreement in form and substance reasonably satisfactory to the Owner Participant of U.S. Government Obligations, which provide for payments in amounts equal to the Equity Portion of Basic Rent and, in the event the Purchase Option is exercised, the installments of Purchase](#)

Option Price (with such payments being payable on or prior to the applicable due dates therefore under the Lease).

“*Equity Discount Rate*” means the Equity Discount Rate as specified on Schedule 1 to this Appendix A.

“*Equity Lease Payments*” means, as of any Rent Payment Date, any Termination Value Determination Date, any Stipulated Loss Value Determination Date or any date on which an installment of the Purchase Option Price is payable, the aggregate of the Equity Portion of any such payment with respect to the Facility.

~~“*Equity Payment Agreement*” means the Equity Payment Agreement (SDMFA-2003-K1), dated as of the Closing Date, among the Lessee, the Trust and the Equity Payment Undertaker.~~

~~“*Equity Payment Undertaker*” means AIG Matched Funding Corp., a Delaware corporation.~~

~~“*Equity Payment Undertaker Guarantor*” means AIG.~~

~~“*Equity Payment Undertaker Guaranty*” means the Guarantee of American International Group, Inc. (Equity Payment Agreement (SDMFA-2003-K1)), dated as of the Closing Date.~~

“*Equity Portion*” means (i) with respect to any payment of Lease Rent, Purchase Option Price, Stipulated Loss Value, or Termination Value, the Relevant Percentage of the amount shown as the “Equity Portion” thereof on the relevant Exhibit to the related Lease Supplement and (ii) with respect to any payment of Fair Market Sales Value, any amount that is in excess of the portion thereof equal to the principal of and interest, if any, on the Loan Certificates which would be outstanding and unpaid on such Loan Certificates assuming all amounts of Lease Rent prior to such date had been fully paid.

~~“*Equity Undertaking Fee*” means the amount specified as such Article I of the Equity Payment Agreement.~~

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any subsequent legislation that amends, supplements or supersedes such act.

“*Estimated Capacity Cost*” means, with respect to a Capacity Purchase Bid or Capacity Purchase Agreement, as applicable, an estimate (determined for the period or periods contemplated by Section 14(d) of the Lease) of the aggregate allocable cost to provide the Capacity required to be delivered in respect of such Capacity Purchase Bid or Capacity Purchase Agreement, as the case may be, which shall include (to the extent appropriate) the allocable costs for: (i) a reasonable parts inventory, (ii) required supplies and chemicals, (iii) fuel and, if applicable, fuel handling services, (iv) regular and major maintenance and replacement parts, (v) any fee paid to the Qualified Operator (which shall not include any fee which is attributable to operational inefficiencies of the Qualified Operator or to the failure of the Qualified Operator to comply with specified

operational standards) or the [Support Provider], (vi) labor and managerial expense, (vii) local, provincial and national taxes (including value added taxes imposed under the laws of Germany and the cost associated with the timing of any such value added tax refund arrangement or procedure, stamp taxes, real estate taxes, sales, use or other transfer taxes, doing business taxes and other local, provincial and national taxes arising out of the Service Contract Option), (viii) consumables and a reasonable inventory thereof, (ix) contract services (including labor and/or parts) for major overhauls, (x) disposal of waste materials, (xi) initial and periodic third-party tests that are required or reasonably elected with respect to the Facility, major components, controls and environmental equipment and performance, (xii) maintenance and servicing of environmental equipment, (xiii) customary insurance (including business interruption insurance), (xiv) lubricants, (xv) regular and special tools, (xvi) a reasonable maintenance and capital expenditure reserve and (xvii) all other reasonable operating and maintenance costs and expenses (excluding, in any event, any debt-related payments in respect of the Refinancing Loans made or to be made by or on behalf of the Trust).

“***Event of Loss***” means any of the following events with respect to the Facility:

(i) the actual or constructive total loss of the Facility or the use thereof due to the destruction thereof or damage thereto which, in the ~~Lessee~~User’s reasonable opinion, would make repair thereof uneconomical or would render the Facility Site or the Facility Improvements permanently unfit for normal use for any reason whatsoever;

(ii) intentionally omitted;

(iii) the confiscation, condemnation, requisition, seizure, forfeiture, purchase or other taking for use of the Facility by any governmental or purported Governmental Authority (other than a taking for use by the State of South Dakota or any political subdivision thereof not extending beyond the end of the Lease Term) resulting in the loss of possession of the Facility by the ~~Lessee~~Lessees or any permitted sublessee and such loss of possession shall have continued beyond the earlier of 360 days and the end of the Lease Term;

(iv) the confiscation, condemnation, requisition, seizure, forfeiture, purchase or other taking of title resulting in the loss of title to the Facility Site or the Facility Improvements by the ~~User~~Head Lessor; or

(v) destruction or damage resulting in the Facility being declared a total loss or a constructive or compromised total loss for insurance purposes.

The date of occurrence of an Event of Loss (a) described in clause (i) and (v) shall be the date of such damage or destruction, (b) described in clause (iii) shall be the expiration of such 360 days or the end of Lease Term, as the case may be as provided in such clause (iii), and (c) described in clause (iv) shall be the date of such loss of title.

Once the Lease is no longer in effect, “Lessee” and “Lease Term” shall be replaced by “Head Lessee” and “Head Lease Term”, respectively, for purposes of this definition.

“*Event of Loss Notice*” has the meaning given such term in Section 9(a) of the Lease.

“*Excepted Property*” means (i) all public liability insurance (or government indemnities in lieu thereof) and any proceeds thereof paid or payable as a result of claims paid for the benefit of or losses suffered by the Owner Participant, the Trust or the Trust Company, (ii) proceeds of permitted insurance separately maintained by and for the benefit of the Owner Participant, the Trust or the Trust Company and not required to be maintained under the Lease (whether directly or through the Trust), (iii) any indemnity or other amount and interest in respect thereof paid or payable in favor of the Owner Participant, the Trust or the Trust Company or their respective successors or assigns, directors, officers, employees, agents and servants including, without limitation, any payments pursuant to the Tax Indemnification Agreement, Section 7.01 of the Trust Agreement, or Section 15 of the Participation Agreement, (iv) if a Credit Event shall have occurred and the Lessees have delivered the Acceptable Lease Collateral pursuant to Section 21 of the Participation Agreement, the rights of the Owner Participant and the Trust in ~~the Acceptable Lease Collateral, in and under the Equity Payment Agreement, the Account Pledge and Security Agreement and the Custody Agreement (and all Account Collateral held pursuant thereto), the Strip Surety Policy, the Standby Letter of Credit~~ and under the Acceptable Lease Collateral and all proceeds of each thereof and amounts payable thereunder ~~and all amounts of the Equity Lease Payments that would be paid therefrom upon a liquidation of the Account Collateral or a claim under the Strip Surety Policy,~~ the rights of the Trust under the ~~Assignment Agreement~~, including in each case, without limitation, all proceeds or other payments payable thereunder or attributable thereto, and the rights of the Trust to enforce the remedy provided in Section 17(i) of the Lease, (v) the Equity Portion of any installment of Lease Rent and the Equity Portion of any amount of or measured by Termination Value, Stipulated Loss Value, Fair Market Sales Value or Purchase Option Price payable under the Lease, (vi) the rights of the Owner Participant, the Trust or the Trust Company to enforce payment of any of the foregoing amounts by an action for money damages, (vii) the rights of the Owner Participant, the Trust or the Trust Company to compromise or waive any such right or to modify, amend or waive any provision conferring any such right, and (viii) all proceeds of and interest on the foregoing.

“*Excepted Rights*” has the meaning given such term in Section 5.05 of the Loan Agreement.

“*Excess Amount*” has the meaning given such term in Section 22(i) of the Participation Agreement.

“*Facility*” means the waste water collection and treatment facility ~~leased~~ located in, on and under the real estate situated in County of Brown, City of Aberdeen, South Dakota, (the “Real Estate”), and more particularly described on the Real

Estate set forth on Exhibit A to the ~~User-Head Lessee under the User-Head Lease and Agreement, which Facility is~~ leased to the Head Lessee under the Head Lease, as described and identified on ~~Exhibit A to the User-Head Lease Supplement and Exhibit AB~~ to the Head Lease Supplement, including any and all Parts. The term “Facility” collectively includes the use of the following property and rights:

(a) all structures, facilities, buildings and improvements of every kind, nature and description now [or at any time hereafter] located or placed on the Real Estate (the “Improvements”);

(b) Access Rights for all easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, and other emblements now or hereafter located on the Real Estate or under or above the same or any part or parcel thereof, necessary for the use or operation of the Facility;

(c) all furniture, furnishings, fixtures, goods, equipment, inventory or personal property owned by the Head Lessor and now [or hereafter] located on, attached to or used in or about the Improvements, including, but not limited to, all machines, engines, boilers, dynamos, elevators, stokers, tanks, cabinets, awnings, screens, shades, blinds, carpets, draperies, all appliances, plumbing, heating air conditioning, lighting, ventilating, refrigerating, disposal and incinerating equipment, and all fixtures and appurtenances thereto, and such other goods and chattels and personal property owned by the Head Lessor as are now [or hereafter] used or furnished in operating the Improvements, or the activities conducted therein, and all building materials and equipment hereafter situated on or about the Real Estate or Improvements, [and all warranties and guaranties relating thereto,] and all additions thereto and substitutions and replacements therefore;

(d) all water, water courses, ditches, wells, reservoirs and drains and all water, ditch, well, reservoir and drainage rights and powers which are appurtenant to, located on, under or above or used in connection with the Real Estate or the Improvements, or any part thereof, together (i) with all utilities, utility lines, utility commitments, utility capacity, capital recovery charges, impact fees and other fees paid in connection with same, (ii) other rights pertaining to utility or utility services provided to the Real Estate and/or Improvements, (iii) incineration, sludge and ash processing units, handling equipment and facilities, (iv) pipelines, pumps and other equipment necessary for the operation and use of the Facility, and (v) the present or future use or availability of waste water capacity, or other utility facilities to the extent same pertain to or benefit the Real Estate and/or Improvements, including, without limitation, all reservations of or commitments or letters covering any such use in the future, whether now existing or hereafter created or acquired;

(e) all minerals, crops, timber, trees, shrubs, flowers and landscaping features now or hereafter located on, under or above the Real Estate;

(f) all permits, contracts and agreements now or hereafter entered into covering any part of the Real Estate or the Improvements;

(g) all water taps and other rights and privileges now or hereafter obtained in connection with the Real Estate or the Improvements and all present and future warranties and guaranties relating to the Improvements or to any equipment, fixtures, furniture, furnishings, personal property or components of any of the foregoing now or hereafter located or installed on the Real Estate or the Improvements;

(h) all building materials, supplies and equipment now [or hereafter] placed on the Real Estate or in the Improvements; and

(i) the use and benefit of all other or greater rights and interests of every nature belonging to the Head Lessor in the Real Estate or the Improvements and in the possession or use thereof regarding, or in any way useful, necessary or related to, the waste water collection and treatment process and the Facility situated on the Real Estate.

“*Facility Revenue Debt*” means [].

“*Facility Value*” means the amount set forth on Schedule 1 to this Appendix A.

“*Fair Market Rental Value*” or “*Fair Market Sales Value*” of the Facility or the Head Lease Interest in the Facility means the value in Dollars which would be obtained in an arm’s-length transaction between an informed and willing lessee-user or buyer-user (other than a lessee currently in possession [or a used waste water facilities dealer]) under no compulsion to lease or buy, as the case may be, and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the same shall be specified by agreement between the Owner Participant and the Lessee or, if not agreed to by the Owner Participant and the Lessee within a period of fifteen (15) days after either party requests a determination, then as specified in an appraisal mutually agreed to by two recognized [waste water facility] appraisers, one of which shall be appointed by the Owner Participant and the other of which shall be appointed by the Lessee, or, if such appraisers cannot agree on such appraisal, an appraisal arrived at by a third independent recognized [waste water facility] appraiser chosen by the mutual consent of the two appraisers. If either party should fail to appoint an appraiser within fifteen (15) days of receiving notice of the appointment of an appraiser by the other party, then such appraisal shall be made by the appraiser appointed by the first party. If the two appraisers cannot agree on such appraisal and fail to appoint a third appraiser within fifteen (15) days after the appointment of the second appraiser, then either party may apply to the American Arbitration Association to make such appointment. The appraisal shall be completed within thirty (30) days of the appointment of the last appraiser appointed. In determining Fair Market Rental Value or Fair Market Sales Value by appraisal or otherwise, it will be assumed that the Facility is unencumbered by the Lease, the Sublease and the User Lease and is otherwise in the condition in which it is required to be returned to the Lessor pursuant to Section 13 of the Lease (except that a determination of Fair Market Sales Value or Fair Market Rental Value for purposes of Section 17(c) of the Lease (other than the last *proviso* thereof) shall be based on “as-is, where-is” condition) and that the Lessee

has removed all Parts which it is entitled to remove pursuant to the last sentence of Section 8(c) of the Lease.

~~“General Mortgage” means the General Mortgage~~“Floating Rate Lender” means The Royal Bank of Scotland plc, New York Branch, a New York State licensed branch office of a bank organized under the laws of Scotland.

~~“Floating Rate Loan Agreement” means the Floating Rate Loan Agreement (SDMFA-2003-KF1), dated as of the Closing Date, among the User, the State, the Authority and the Lessor pursuant to which the rights of each, if any, in the Facility and the User Lease, the Sublease, the Lease, the Head Lease and the User Head Lease have been collaterally assigned to the Lessor~~“Floating Rate Loan Agreement” means the Floating Rate Loan Agreement (SDMFA-2003-KF1), dated as of the Closing Date, between the Lender and the Floating Rate Lender.

“Governmental Authority” means (A) any national, state or sovereign government, wherever located, and (B) any federal, regional, state, provincial, municipal, local, city government or other political subdivision, legislative body, administrative agency or governmental or quasi-governmental body or agency (including their respective successors) or any political subdivision thereof exercising executive, legislative, judicial, regulatory or administrative functions.

“Hazardous Substances” means ~~[-]~~any substance, waste, wastewater, chemical, mixture, sludge, product, by-product, or other material: (i) that is defined, classified, or regulated under an Environmental Law as a “hazardous substance,” “hazardous waste,” “hazardous chemical,” “hazardous material,” “toxic substance,” “toxic pollutant,” “contaminant,” “pollutant,” or “extremely hazardous substance”; (ii) that is petroleum or a petroleum product or a petroleum-containing waste; (iii) that is an explosive, flammable, radioactive, or biohazardous material or otherwise is controlled by or requires special handling under any Environmental Law; (iv) that is or contains polychlorinated biphenyls, lead or lead-based paint, or asbestos; or (v) the presence of which in or the discharge of which to the environment is prohibited or regulated or could serve as the basis for an obligation to control, investigate, remediate, or otherwise respond to such presence or discharge.

“Head Lease” means the Head Lease Agreement (SDMFA-2003-KF1), dated as of the Closing Date, between the ~~Authority~~User, as the Head Lessor, and the Trust, as the Head Lessee.

“Head Lease Basic Term” has the meaning given such term in Section 3(a)(i) of the Head Lease.

“Head Lease Basic Term Expiration Date” is the date specified on Schedule 1 to this Appendix A.

“Head Lease Interest” means all of the Trust’s right, title and interest in, to and under the Head Lease and all of the Trust’s right and interest in, to and under the Access

Rights, and, when used in reference to the Facility refers to such right, title and interest in respect of the Facility.

“**Head Lease Payment**” has the meaning given such term in Section 3(b) of the Head Lease.

“**Head Lease Purchase Option**” has the meaning given such term in Section 13 of the Head Lease.

“**Head Lease Purchase Option Price**” has the meaning given such term in Section 13 of the Head Lease.

“**Head Lease Renewal Term**” has the meaning given such term in Section 3(a)(ii) of the Head Lease.

“**Head Lease Supplement**” means the Head Lease Supplement, substantially in the form of Exhibit A to the Head Lease to be entered into between the Head Lessor and the Head Lessee on the Closing Date for the purpose of leasing the Facility identified therein, and any head lease supplement subsequently entered into by the Head Lessor and the Head Lessee with respect to the Head Lease.

“**Head Lease Term**” has the meaning given such term in Section 3(a)(ii) of the Head Lease.

“**Head Lessee**” means the Trust.

“**Head Lessor**” means the ~~Authority~~User.

“**Holder**” or “**Certificate Holder**” means any registered holder from time to time of one or more of the Loan Certificates.

“**Indemnitee**” means the Trust, the Trustee, the Trust Company, the Trust Estate, the Owner Participant and, in each case, their respective Affiliates, agents, directors, officers and employees, and each Lender Indemnitee.

~~“**Insurance and Indemnity Agreement**” means the Insurance and Indemnity Agreement (SDMFA-2003-K1), dated as of the Closing Date, between the Authority and the Strip Surety Provider.~~

“**Interest Rate Bid Banker**” means [].

~~“**LC Issuer**” means AIG Financial Products or any New Standby Letter of Credit Issuer with respect to any New Standby Letter of Credit.~~ “**Lease**” means the Lease Agreement (SDMFA-2003-~~K~~F1), dated as of the Closing Date, between the Lessor and the Lessee.

“**Lease Collateral**” means the Collateral and ~~the Equity~~any Acceptable Lease Collateral.

“**Lease Default**” means any event or condition that with the giving of notice or lapse of time or both would become a Lease Event of Default.

“**Lease Event of Default**” means any of the events described in Section 16 of the Lease.

“**Lease Expiration Date**” means the Lease Expiration Date as specified on Schedule 1 to this Appendix A.

“**Lease Major Default**” means any event or condition that with the giving of notice or lapse of time or both would become a Lease Event of Default under Section 16(a), (d), (e), (f), (g), (i), (j) or (k) of the Lease.

“**Lease Rent**” means the amount of rent payable on each Rent Payment Date throughout the Lease Term pursuant to Section 3(b) of the Lease.

“**Lease Supplement**” means the Lease Supplement, substantially in the form of Exhibit A to the Lease to be entered into between the Lessor and the Lessee on the Closing Date for the purpose of leasing the Facility described therein, and any lease supplement subsequently entered into by the Lessor and the Lessee with respect to the Lease.

“**Lease Term**” means the period of time under the Lease commencing on the Closing Date and ending 11:59 p.m. (New York City time) on the Lease Expiration Date, unless the Lease is earlier terminated in accordance with its terms.

~~“**Lender**” means, AIG-FP Funding (Cayman) Limited, a Cayman Islands limited liability company.~~

“**Lender**” means Aberdeen Lender Trust SDMFA-2003-F1, a [Delaware statutory trust].

~~“**Lender Indemnitee**” means the Lender, any Holder, the Payment Undertaker, the Equity Payment Undertaker, the Payment Undertaker Guarantor, the Equity Payment Undertaker Guarantor, the Strip Surety Provider, the LC Issuer, any New Standby Letter of Credit Issuer, any New Strip Surety Provider and any Holder,~~ and, in each case, their respective successors, permitted assigns, Affiliates, agents, directors, officers and employees (and in the case of U.S. Federal income taxes the term “Lender Indemnitee” shall also include any person who is treated as a partner or member thereof and the Affiliates of each thereof and the agents, directors, officers, shareholders and employees of each thereof).

~~“**Lender’s Account**” shall mean the Lender’s account number [*] at [Bank of New York, New York], ABA #021000018, [___], Account Name AIG-FP Funding (Cayman) Limited [___].~~

“**Lending Office**” means, for any Holder as of any date of determination, the office for which such Holder is booking the loan evidenced by the Loan Certificates held by it.

“**Lessee**” means the Authority.

⌈“**Lessee Person**” has the meaning given such term in Section 1 of the Tax Indemnification Agreement.⌋

“**Lessee’s Obligations**” means the obligations of the Lessee under the Lease, of the Sublessee under the Sublease and of the and the other Operative Documents.

“**Lessor**” means the Trust.

“**Lessor’s Election Notice**” has the meaning given such term in Section 14(b) of the Lease.

“**Lessor’s Lien**” means any Lien in respect of the Facility, the Trust Estate, the Collateral, the Head Lease Interest or any of the Lessee’s rights under any Operative Document arising as a result of (i) any claim against the Trust Company, the Trust, the Trustee or the Owner Participant which is not related to the transactions contemplated by the Operative Documents, (ii) any act or omission of the Trust Company, the Trust, the Trustee or the Owner Participant which is not related to the transactions contemplated by the Operative Documents or is in violation of any of the terms of the Operative Documents, (iii) Taxes imposed against the Trust Company, the Trust, the Trustee or the Owner Participant which the [User] has not agreed to indemnify against pursuant to the Participation Agreement or the Tax Indemnification Agreement, or (iv) any claim against the Trust Company, the Trust, the Trustee or the Owner Participant (but excluding claims by the Lessee while a Lease Event of Default shall have occurred and be continuing) arising out of the voluntary transfer of all or any part of its interest in the Facility, the Trust Estate or the Operative Documents, other than a transfer pursuant to or arising out of Section 6, 8, 9, 14, 15 or 17 of the Lease or Section 14 of the Participation Agreement with respect to the Strip Surety Provider or if a Lease Event of Default shall have occurred and been continuing at the time of such transfer.

~~“**Letter of Credit**” means an irrevocable, transferable, unconditional standby letter of credit (a) issued by an Acceptable Letter of Credit Issuer for the benefit of the Lessor, (b) having a stated expiration date of not earlier than five years after the date of the original issuance thereof (and providing that such expiration date will be extended for additional periods of at least one year without further action by such Acceptable Letter of Credit Issuer or the Lessor), (c) drawable and payable in New York at an office of the issuer thereof or of an advising bank, (d) payable promptly upon a conforming drawing in Dollars in immediately available funds, (e) governed by the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, or International Standby Practice ISP98, International Chamber of Commerce Publication No. 590 and any amendments or revisions thereto, and, to the extent not governed thereby, the laws of the State of New York, (f) transferable without a~~

~~fee payable by the beneficiary or transferee and without the consent of the issuer thereof or the Lessee in connection with any transfer by the Lessor of all of its interest under and as permitted by the Operative Documents, (g) accompanied by an opinion of counsel to the Acceptable Letter of Credit Issuer in a form reasonably acceptable to the Lessor; provided that no such opinion shall be required if the then current Acceptable Letter of Credit Issuer is issuing a replacement or renewal Letter of Credit and (h) otherwise reasonably acceptable to the Owner Participant.~~

~~“**Letter of Credit and Reimbursement Agreement**” means the Letter of Credit and Reimbursement Agreement (SDMFA-2003-K1), dated as of the Closing Date, between the LC Issuer and the Lessee.~~

“**LIBOR**” means, in relation to any period, the rate per annum determined by the Refinancing Lenders in good faith for Dollar deposits, for a period equal to the relevant period at or about 11:00 a.m., London time, on the Quotation Date as displayed on Telerate Page 3750 (British Bankers Association Interest Settlement Rates) or, if on such date no such rate is so displayed, means the average determined by the Refinancing Lenders in good faith of the rates per annum (rounded to the nearest basis point, and at the midpoint rounded up) at which Dollar deposits for the relevant period were being offered by the Reference Banks to leading banks in the London interbank market at or about 11:00 a.m., London time, on the Quotation Date. The Refinancing Lenders will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such period will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such period will be the arithmetic mean of the rates quoted to leading European banks by the principal New York office of each of the Reference Banks at approximately 11:00 a.m., New York City time, on the first day of such period for loans in Dollars for the relevant period.

“**Lien**” means any mortgage, pledge, lien, charge, encumbrance, lease, sublease, adverse possession, exercise of rights, security interest, charge, easement, servitude or claim of any kind, including any arising under any conditional sale or other title retention agreement.

“**Loan**” means the secured loan made by the Lender pursuant to the Operative Documents.

“**Loan Agreement**” means the Loan and Security Agreement (SDMFA-2003-~~K~~F1), dated as of the Closing Date, between the Trust and the Lender.

“**Loan Amount**” means the amount specified as such on Schedule 1 to this Appendix A.

“**Loan Certificate**” has the meaning given such term in Section ~~2.01~~2.1 of the Loan Agreement.

“**Loan Certificate Register**” has the meaning given such term in Section ~~2.07~~2.7 of the Loan Agreement.

“*Loan Default*” means any event or condition which with the giving of notice or lapse of time or both would become a Loan Event of Default.

“*Loan Event of Default*” has the meaning given such term in Section ~~4.01~~4.1 of the Loan Agreement.

“*Loss Payment Date*” ~~has~~means (i) with respect to the Lease, the meaning given such term in Section 9(a)~~(i) of the Lease~~(i) of the Lease, (ii) with respect to the Sublease, the meaning given such term in Section 9(a)(i) of the Sublease and (iii) with respect to the User Lease, Lease, the meaning given such term in Section 9(a)(i) of the User Lease, or, in the event the Lease, the Sublease or the User Lease is no longer in effect, “*Loss Payment Date*” as used in the Lease, the Sublease or the User Lease, as the case may be, shall mean a date which is not later than ninety (90) days after the occurrence of an Event of Loss.

~~“Majority Holders” has the meaning given such term in Section 5.04(a) of the Loan Agreement.~~ “*Make Whole Amount*” means, with respect to any acceleration, prepayment, or purchase pursuant to the Operative Documents of the Loan Certificates for any reason whatsoever, ~~(other than in connection with a refinancing of the Loan Certificates concurrently with the establishment of Acceptable Substitute Credit Protection),~~ prior to the Lease Expiration Date and subsequent to the date when the Acceptable Substitute Credit Protection shall have been established, brokerage costs (if any) and any other costs incurred in making an alternative investment and the amount that the Holders shall determine in good faith that is the excess, if any, of (i) the sum of the net present value of principal to be purchased or repaid in respect of the Loan Certificates then outstanding (excluding therefrom for purposes of only this calculation any accrued interest and any past due payments of principal which relate to periods preceding the date of purchase or repayment) discounted at the rate of interest borne by Treasury Obligations having a maturity equal to the Maturity Date of such Loan Certificate with respect to each such scheduled payment to the date of prepayment or purchase (or as close thereto as practicable) and ending on the Lease Expiration Date, over (ii) the principal amount of the Loan Certificates to be purchased or repaid (excluding therefrom for purposes of this calculation only, any past due payments of principal which relate to periods preceding the date of purchase or repayment). The determination of the Make Whole Amount by the Holders as set forth above shall be final and conclusive, absent manifest error or failure to exercise good faith. The Make Whole Amount will be zero in connection with a prepayment of the Loan concurrently with the replacement of the Payment Agreement as Collateral for the Loan Certificates.

“Market Adjustment Periods” means, collectively, to the extent an Equity Deposit is required to be provided to the Owner Participant and required to be maintained pursuant to Section 21 of the Participation Agreement, the period from and including the date from which any such Equity Deposit is initially so required to be provided to but excluding the first day of the following month and, thereafter, each successive monthly period during the Lease Term, in each case commencing on and including the first day of the month and ending on and including the last day of

such month; provided, however, that the Market Adjustment Period which includes the Lease Term Expiration Date shall end on the Lease Term Expiration Date.

“Market Value of Acceptable Lease Collateral” means, with respect to any Market Adjustment Period, the sum of (a) as to any Acceptable Lease Collateral referred to in clause (ii) of the definition thereof, the value as of [] as established by the market quotation thereof as published by The Wall Street Journal or other similar financial journal of national circulation in the U.S. on such date of calculation, or if such market price is not regularly published in any such journal, as determined by using the arithmetic average of quotations as of the immediately preceding Business Day in New York City obtained by the Lessees from three reference dealers in such obligations, plus (b) as to any other Acceptable Lease Collateral, the amount that would be payable on such date of determination as determined by the obligor thereof or, if such obligor fails or refuses to make such determination, as reasonably determined in good faith by the Owner Participant.

“Market Value of the Equity Deposit” means, as to any Equity Deposit, for any Market Adjustment Period, the value as of [] as established by the market quotation thereof as published by The Wall Street Journal or other similar financial journal of national circulation in the U.S. on such date of calculation, or if such market price is not regularly published in any such journal, as determined by using the arithmetic average of quotations as of the immediately preceding Business Day in New York City obtained by the Lessees from three reference dealers in such obligations.

“Maturity Date” means as of 11:59 p.m. (New York City time) on the maturity date of the Loan Certificates, which is the date set forth as such on Schedule 1 to this Appendix A.

“Maximum Default Exposure Amount” means, for any Market Adjustment Period, the amount specified under the heading “Maximum Default Exposure Amount” on Schedule II to this Appendix A for such Market Adjustment Period (provided that, for purposes of determining the Maximum Default Exposure Amount for the initial period commencing with the date of a Credit Event, such amount shall be deemed to be the amount specified for the Market Adjustment Period next commencing after such date).

“MFA Act” means Chapter 5-28, SDCL.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Capacity Revenue” means, with respect to a Capacity Purchase Bid or a Capacity Purchase Agreement, as applicable, the positive difference, if any (determined on an annualized basis in the manner contemplated by Section 14(d) of the Lease) between the Capacity Revenue and the Estimated Capacity Cost allocable to such Capacity Purchase Bid or Capacity Purchase Agreement, as the case may be.

“*Net Economic Return*” means the net after-tax yield, the aggregate after-tax cash flow and the pre-tax internal rate of return expected by the original Owner Participant with respect to the transactions contemplated by the Participation Agreement, utilizing the same methodology and assumptions (other than assumptions that are incorrect as a result of the event giving rise to such adjustments) as used by the original Owner Participant in making the initial computations of Lease Rent, Stipulated Loss Values, Termination Values and the Purchase Option Price.

“*Net Present Value of Rents and Purchase Option Price*” means the net present value to the Lessee of all unpaid Lease Rent payments during the Lease Term and the Purchase Option Price discounted to the time of calculation at the Applicable Rate with respect to that portion of Lease Rent and the first installment of the Purchase Option Price used to pay the Debt Lease Payments and at the Equity Discount Rate with respect to that portion of Lease Rent and the Purchase Option Price used to pay the Equity Lease Payments.

[“*Net Revenues Available For Debt Service*” means, for the period of determination, total operating revenues from the Facility, excluding investment income, grants, penalties, hook-up fees, sign-up fees, membership fees and similar income not received from the use of the Facility by the users, but including the proceeds of any business interruption insurance, less expenses of the Facility other than amortization of financing expenses, depreciation and interest; *provided* there shall be excluded from both revenues and expenses any profits or losses on the early extinguishment of debt or the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and other extraordinary gains or losses.]

“*New Loan Certificates*” has the meaning given such term in Section 19(b)(A) of the Participation Agreement.

~~“*New Standby Letter of Credit*” means a new Standby Letter of Credit issued by a New Standby Letter of Credit Issuer pursuant to Section 21(c) of the Participation Agreement (any such New Standby Letter of Credit to be in substantially the same form (or in such other form as is reasonably acceptable to the Owner Participants) with substantially the same collateral as the Standby Letter of Credit it replaces or supplements) providing for the New Standby Letter of Credit Issuer to make payments in the same amounts and on the same dates as the previous LC Issuer was required to make under the previous Standby Letter of Credit.~~

~~“*New Standby Letter of Credit Issuer*” means, with respect to any New Standby Letter of Credit, an entity (i) whose long term unsecured senior debt obligations are rated at least AA by S&P and Aa2 by Moody’s on the date such New Standby Letter of Credit is delivered to the Lessor and (ii) is a Qualifying Entity.~~

~~“*New Strip Surety Policy*” means a new Strip Surety Policy or a financial guaranty insurance policy issued by a New Strip Surety Provider pursuant to Section 21(d) of the Participation Agreement (any such New Strip Surety Policy to be in substantially the same form as the Strip Surety Policy or financial guaranty insurance~~

~~policy it replaces or supplements (or in such other form as is reasonably acceptable to the Owner Participant)) providing for the New Strip Surety Provider to make payments in the same amounts and on the same dates as the previous Strip Surety Provider was required to make under the previous Strip Surety Policy or financial guaranty insurance policy provided pursuant to Section 21(d) of the Participation Agreement.~~

~~“**New Strip Surety Provider**” means, with respect to any New Strip Surety Policy, (i) an entity whose long term Dollar denominated unsecured senior debt obligations, as the case may be, are rated at least AA by S&P and Aa2 by Moody’s on the date such New Strip Surety Policy is delivered to the Lessor and (ii) which is a Qualifying Entity.~~

“**Noncontrolling Party**” has the meaning given such term in Section 15(c)(iii)(C) of the Participation Agreement.

“**Notional Amounts**” means as of any date, (i) if such date is listed on the Notional Amounts Schedule, the amount set forth opposite such date and (ii) if such date is not listed on the Notional Amounts Schedule, the amount set forth opposite the date thereon most recently preceding such date *plus* interest on such amount at a rate equal to the Notional Amounts Discount Rate from and including such date most recently preceding the date on the Notional Amounts Schedule to (but excluding) such date of determination.

“**Notional Amounts Discount Rate**” means the interest rate per annum indicated on the Notional Amounts Schedule on the Closing Date.

“**Notional Amounts Schedule**” means Schedule III to the Participation Agreement or Schedule B to the Equity Payment Agreement.

“**Officer’s Certificate**” means, as to the Authority, a certificate signed by its ~~General Manager or Chief Financial Officer~~ Chairman or Executive Secretary or by any officer or attorney-in-fact of the Authority designated by any of them by power of attorney or otherwise; as to the User, a certificate signed by its Mayor or Finance Officer; or as to any other party, a certificate signed by the Chairman, the Vice Chairman, the President, any Vice President, any Assistant Vice President, the Treasurer or any Assistant Treasurer, the Secretary, or any Assistant Secretary.

“**Operation Bid**” means an offer, submitted by a Qualified Operator to the Trust, the Owner Participant and the Lessee on or prior to the Bid Deadline Date to enter into the Support and Operating Agreement with the Trust and any Capacity Purchaser, as applicable, which offer shall set forth required permits and licenses held by such Qualified Operator, relevant experience of the Qualified Operator, the service fees anticipated to be charged by such Qualified Operator (or the manner of computing such service fee), the amount and nature and other appropriate information relevant to the Qualified Operator and the Trust and Owner Participant for purposes of the matters contemplated by Section 14(d) of the Lease and the Support and Operating Agreement.

“**Operative Documents**” means, collectively, (i) the Participation Agreement, each Loan Certificate, the Loan Agreement, the ~~User Head Lease, the User Head Lease~~

~~Supplement~~Floating Rate Loan Agreement, the Swap Agreement, the Head Lease, the Head Lease Supplement, the Lease, the Lease Supplement, the Sublease, the Sublease Supplement, the User Lease, the User Lease Supplement, the Support and Operating Agreement, the ~~Access~~Pledge Agreement,~~the General Mortgage~~, the Trust Agreement, any Transferee Guaranty,~~the Payment Agreement, the Payment Undertaker Guaranty,~~and the Tax Indemnification Agreement,~~the Strip Surety Policy, the Insurance and Indemnity Agreement, the Assignment Agreement, the Account Pledge and Security Agreement, the Custody Agreement, the Equity Payment Agreement, the Letter of Credit and Reimbursement Agreement, the Standby Letter of Credit, the Authority Guaranty, the State Guaranty, the User Guaranty and the Equity Payment Undertaker Guaranty;~~ and (ii) any documents executed in connection with the provision of Acceptable Lease Collateral, and any replacement thereof, pursuant to Section 21 of the Participation Agreement.

“*Overdue Rate*” means 2% above: (i) except to the extent provided in (ii) below, in the case of amounts payable to or for the benefit of the Owner Participant, the Trust or the Lessee, the Base Rate or (ii) in the case of amounts payable to or for the benefit of the Holders, the Applicable Rate, determined in each case as of the date the amount to which the Overdue Rate is being applied becomes due or is demanded or is paid, as the case may be, but in no event greater than the maximum rate of interest permitted under Applicable Law.

“*Owner Participant*” means ~~KBC Bank N.V., a Belgian limited company.~~The Fifth Third Leasing Company, an Ohio corporation.

“*Owner Participant’s Commitment*” means the Owner Participant’s Commitment as specified on Schedule 1 to this Appendix A.

~~“*Partial Early Termination Amount*” has the meaning given such term in Section 1.01 of the Payment Agreement.~~

“*Participant*” means the Lender, each of the Holders and the Owner Participant.

“*Participation Agreement*” means the Participation Agreement (SDMFA-2003-~~KF~~1), dated as of the Closing Date, among the Authority, the State, the User, the Owner Participant, the Lender, the ~~Payment Undertaker~~Floating Rate Lender, the Swap Party, the Trust and the Trust Company.

“*Parts*” means any and all appliances, parts, instruments, appurtenances, accessories, furnishings, software and other equipment or property of whatever nature (other than temporary replacement parts as provided in Section 8 of the Lease) which may from time to time be incorporated or installed in or attached to the Facility.

“*Party*” or “*Parties*” means the Trust Company, the Trust, the Lender, the ~~Payment Undertaker, the~~ Authority or the Owner Participant (each individually a “*Party*” and collectively, the “*Parties*”).

~~“**Payment Agreement**” means the Payment Agreement (SDMFA-2003-K1), dated as of the Closing Date, among the Payment Undertaker, the Authority and the Trust.~~

~~“**Payment Amount**” has the meaning given to such term in Section 3.01 of the Payment Agreement.~~

“**Payment Date**”, with respect to the Lease, means each Rent Payment Date and, with respect to any Loan Certificate, means each date on which principal or interest is due and payable on such Loan Certificate as set forth in Annex A to such Loan Certificate.

“**Payment Default**” means an event that is a Default under Section 16(a) of the Lease.

~~“**Payment Undertaker**” means AIG-FP Special Finance (Cayman) Limited, a Cayman Islands limited liability company and its successors and permitted assigns.~~

~~“**Payment Undertaker Guarantor**” means AIG.~~

~~“**Payment Undertaker Guaranty**” means the Guaranty of American International Group, Inc. (Payment Agreement (SDMFA-2003-K1)) dated as of the Closing Date.~~

“**Permitted Investments**” means (i) direct obligations of the United States of America and agencies guaranteed by the United States government having a final maturity of one year or less from date of purchase thereof; (ii) certificates of deposit issued by, or bankers’ acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the states thereof having combined capital and surplus and retained earnings as of its last report of condition of at least \$500,000,000 and having a short-term deposit debt rating of A-1 by S&P or P-1 by Moody’s (or, if neither such organization shall rate such short-term deposits at any time, a rating equal to the highest ratings assigned by any nationally recognized rating organization in the United States of America) and having a final maturity of one year or less from date of purchase thereof; and (iii) commercial paper of any holding company of a bank, trust company or national banking association described in (ii) and commercial paper of any corporation or finance company incorporated or doing business under the laws of the United States of America or any state thereof having a rating assigned to such commercial paper of A-1 by S&P or P-1 by Moody’s (or, if neither such organization shall rate such commercial paper at any time, a rating equal to the highest ratings assigned by any nationally recognized rating organization in the United States of America) and having a final maturity of 270 days or less from the date of purchase thereof; *provided* that except for investments described in clause (i) above, no more than the greater of \$10,000,000 or 50% of the principal amount may be invested as “**Permitted Investments**” in any one corporation, bank holding company, bank, trust company or national banking association at any given time. If none of the above investments is available, the entire amount to be invested shall be invested in a money market fund registered under the Investment Company Act of 1940, as

amended, the portfolio of which is limited to United States government obligations and United States agency obligations.

“**Permitted Liens**” has the meaning given such term in Section 11 of the Lease.

“**Person**” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or any other entity of whatever nature.

“**Plan**” means an employee benefit plan (within the meaning of Section 3(3) of ERISA and including any multi-employer plan within the meaning of Section 3(37)(A) of ERISA).

“**Plans and Specifications**” means [].

“**Population Equivalents**” shall mean a standard of waste water quality which shall be measured in grams of biological oxygen demand (BOD) per capita per day, measured over a five-day period.

“**Prefunding Indemnity Letter**” means [the prefunding indemnity letter, dated as of [], 2003, between the Lender and the Lessee.].

“**Prepaid Rent Balance**” means the amount shown from time to time in the column labeled “Prepaid Rent Balance” on Exhibit B-3 of the Lease Supplement.

“**Prepaid Rent Interest Rate**” means the rate set forth as such on Schedule 1 to this Appendix A.

“**Prepaid Rent Loan Balance**” means the amount shown from time to time in the column labeled “Prepaid Rent Loan Balance after Application of Preceding Columns” on Exhibit B-3 of the Lease Supplement.

~~“**Prepayment Amount**” means, with respect to the User Lease, the amount specified as “Total Prepayment Amount for the Facility” in Schedule [F] to the User Lease Supplement and, with respect to the Sublease, the amount specified as “Total Prepayment Amount for the Facility” in Schedule [F] to the Sublease Supplement.~~

“**Pricing Assumptions**” means the assumptions set forth in Schedule 1 to this Appendix A.

[“**Prudent Engineering Practice**” means, at a particular time, those engineering practices as are in accordance with standards of the Institute of Water and Environmental Management as well as standards of prudence applicable to the waste water industry for water treatment works facilities located in [South Dakota or the United States of America], which practices are known at the times the decision in question is made, which would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Engineering Practice is not intended to be limited to the optimum practice, to the exclusion of all others, but rather is

a spectrum of possible practices which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.] [**Framatome to review.**]

“**Prudent Industry Practice**” means, at a particular time, those industry practices, methods and acts as are in accordance with standards of prudence applicable to the waste water industry for waste water collection and treatment facilities located in [South Dakota or the United States of America], which practices are known at the times the decision in question is made, which would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Industry Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather is a spectrum of possible practices, methods and acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

“**Purchase Notice**” has the meaning given such term in Section 14(a) of the Lease.

“**Purchase Option**” has the meaning given such term in Section 14(a) of the Lease.

“**Purchase Option Price**” for the Head Lease Interest in the Facility means the price payable under the Purchase Option (payable in installments to the extent permitted under Section 14(a) of the Lease) as set forth on Exhibit E to the Lease Supplement.

“**Qualified Bidder**” means any entity that: (i) is legally entitled to purchase the Capacity; (ii) has not been and is not a party to any litigation or other adversarial proceeding pending against the Trust, the Owner Participant or any Affiliate of the Owner Participant; (iii) does not in any way exist, operate or conduct itself in contravention of the business policies of the Owner Participant and its Affiliates, generally applied without discrimination based on jurisdictional, transaction type or other criteria; (iv) has sufficient creditworthiness and/or cash flow from operations to meet its financial obligations under the proposed Capacity Purchase Agreement to which it is to become a party (or has its obligations in respect of the proposed Capacity Purchase Agreement to which it is to become a party guaranteed by such an entity); (v) has unsecured long-term debt obligations that are rated (including on the basis of credit enhancement, if applicable) at least "A" by S&P or "A3" by Moody's (or has its obligations in respect of the proposed Capacity Purchase Agreement to which it is to become a party guaranteed by such an entity); (vi) has a combined capital and surplus or a consolidated tangible net worth of at least [\$500,000,000]; (vii) meets the then-applicable credit standards, guidelines and policies of the Owner Participant (as customarily applied to its credit parties); (viii) agrees to negotiate in good faith to cause any Capacity Purchase Agreement entered into by it, taking into account the other arrangements of the Service Contract Option, to constitute a "service contract" within the meaning of Section 7701(e) of the Code; (ix) is not a [Disqualified Person]; and (x) is not the Qualified Operator and is not related (within the meaning of Section 168(h)(4) of the Code) to the Qualified Operator.

“**Qualified Operator**” means the Lessee (unless the Return Option of the Service Contract Option has been exercised) or any entity that: (i) is legally entitled to operate the Facility under Applicable Law and has available to it (by contract or otherwise) all permits, licenses and approvals required under Applicable Law to operate the Facility; (ii) has not been and is not a party to any litigation or other adversarial proceeding pending against the Trust, the Owner Participant or any Affiliate of the Owner Participant; (iii) does not in any way exist, operate or conduct itself in a contravention of the business policies of the Owner Participant and its Affiliates, generally applied without discrimination based on jurisdictional, transaction type or other criteria; (iv) has sufficient creditworthiness and/or cash flow from operations to meet its financial obligations under the Support and Operating Agreement to which it is to become party (or has its obligations in respect of the Support and Operating Agreement to which it is to become a party guaranteed by such an entity); (v) has unsecured long-term debt obligations that are rated (including on the basis of credit enhancement, if applicable) at least A by S&P or A3 by Moody's (or has its obligations in respect of the proposed Support and Operating Agreement to which it is to become a party guaranteed by such an entity); (vi) has a combined capital and surplus or a consolidated tangible net worth of at least \$50,000,000; (vii) meets the then-applicable credit standards, guidelines and policies of the Owner Participant (as customarily applied to its credit parties); (viii) agrees to negotiate in good faith to cause any Support and Operating Agreement entered into by it, taking into account the other arrangements of the Service Contract Option, to constitute a "service contract" within the meaning of Section 7701(e) of the Code; (ix) is not related (within the meaning of Section 168(h)(4) of the Code) to any Qualified Bidder whose Capacity Purchase Bid has been accepted, and (x) is not a Disqualified Person, provided that such term shall include any other entity acceptable to the Owner Participant in its sole discretion that meets the requirements of clause (i) above.

“**Qualifying Entity**” shall mean an entity which satisfies all of the following criteria: (a) such entity is not a Lender or a Lessee Person, (b) such entity (or any of its Affiliates) is not, nor at any time in the six month period prior to the date of determination of the entity as a “Qualifying Entity” was, an adverse party in any litigation to which either the Trust or the Owner Participant (or any of its Affiliates) is or was a party, (c) such entity (or any of its Affiliates) is not threatening any legal action against either the Trust or the Owner Participant, (or any of its Affiliates), (d) neither the Trust nor the Owner Participant, (nor any of its Affiliates) is threatening any legal action against the entity (or any of its Affiliates) and (e) the entity is acceptable to all appropriate credit, investment or other approval committees or officer of the Owner Participant.

“**Quotation Date**” shall mean, in relation to any period for which LIBOR is to be determined, the date on which quotations would ordinarily be given in the London interbank market for deposits in Dollars for value and delivery in New York, New York on the first day of that period; *provided* that, if for any such period, quotations would ordinarily be given on more than one date, the Quotation Date of that period shall be the last of these dates.

“Ratings Test” means, in respect to any Person, that such Person has a Credit Rating of at least [AA] by S&P and [Aa2] by Moody’s.

“Reasonable Basis” means a reasonable basis within the meaning of Section 6662(d)(2)(B)(ii)(II) of the Code or any Regulations thereunder.

“Reference Banks” means three major international commercial banks selected by the Refinancing Lenders.

“Refinancing Interest Rate” means the lowest of (1) the lowest fixed interest rate per annum offered by prospective Refinancing Lenders, computed on the basis of a 360 day year of twelve 30-day months with interest payable semi-annually, or (2) the lowest fixed spread over 12-month LIBOR offered by prospective Refinancing Lenders (in each case determined by the Refinancing Lenders in such Refinancing Lenders’ reasonable good faith judgment, based on prevailing market conditions and the maturity, credit risk, collateral security, and other terms and conditions of the Refinancing Loan and the related loan agreement, the lending and credit policies, exposure and limits and other internal policies and considerations of the Refinancing Lenders at the time and any other factors which the Refinancing Lenders deem relevant) that enables the Lessee or its designee using reasonable efforts to locate one or more Refinancing Lenders ready, willing and able to make a Refinancing Loan.

“Refinancing Lender” means one or more entities (which may not be the Lessee, a Qualified Bidder, a Qualified Operator or any Affiliate or Tax Affiliate of either thereof) which makes a Refinancing Loan.

“Refinancing Loan” means a loan made by one or more Refinancing Lenders to the Service Provider, which loan (1) shall be in an amount equal to the Refinancing Loan Amount for the Facility, (2) shall provide for the repayment and amortization of such Refinancing Loan Amount over a period no longer than the Service Contract Period in accordance with the amortization schedule attached to the Participation Agreement as Schedule II thereto, (3) shall bear interest at the Refinancing Interest Rate, (4) shall be documented pursuant to a loan agreement in substantially the form of the Loan Agreement with such changes thereto as shall be mutually agreeable to the parties, and (5) shall be secured by a first priority, perfected security interest in the Service Contract Option Collateral.

“Refinancing Loan Amount” means the amount set forth as such on Schedule 1 to this Appendix A multiplied by the Relevant Percentage.

“Regulations” means the Treasury Regulations, including proposed or temporary regulations, as amended from time to time, promulgated under the Code by the United States Treasury Department.

“Regulatory Change” means, with respect to any Holder, any change after the Closing Date in United States federal or state or Cayman Islands law or regulations, or the adoption or making after the Closing Date of any interpretation, directive or request applying to a class of financial institutions including such

Holder of or under any United States federal or state or Cayman Islands or other foreign law or regulation (whether or not having the force of law) by any court, government or monetary authority charged with the interpretation or administration thereof.]

“*Related Indemnitee*” of an Indemnitee shall mean any Affiliate of such Indemnitee or any agent, director, officer or employee of such Indemnitee or Affiliate, except that, for purposes of Section 15(a) of the Participation Agreement, neither the Trust nor the Owner Participant shall be deemed a Related Indemnitee of the Trust Company nor shall the Trust or the Trust Company be deemed a Related Indemnitee of the Owner Participant.

“*Release Event*” has the meaning given such term in Section 1.01 of the Payment Agreement.

“*Relevant Documents*” has the meaning given such term in the Transferee Guaranty.

“*Reminder Notice*” has the meaning given such term in Section 14(b) of the Lease.

“*Rent*” means Lease Rent and Supplemental Rent.

“*Rent Payment Date*” means each date on which Lease Rent is payable under the Lease as set forth on Exhibit B-1 to the related Lease Supplement.

“*Required Collateral*” has the meaning set forth in Section 21(a)(ii) of the Participation Agreement.

“*Requisite Rating*” means, with respect to any Person, that such Person has a Credit Rating of at least [AA-] by S&P and [Aa3] by Moody’s or, if the obligations of such Person under the Acceptable Lease Collateral are secured by a perfected first priority security interest in U.S. Government Obligations, at least [A-] by S&P and [A3] by Moody’s.

“*Residual Value Insurance*” has the meaning given such term in Section 14(d)(iv) of the Lease.

“*Residual Value Insurance Amount*” means the amount set forth on Schedule 1 to this Appendix A.

“*Residual Value Insurance Standard*” means that the unsecured long-term obligations of the insurance company or financial institution providing the Residual Value Insurance (or any entity insuring the obligations of such insurance company or financial institution in a manner acceptable to the Owner Participant) are rated not less than AA by S&P or Aa2 by Moody’s, resulting in such insurance company’s or financial institution’s obligations under the Residual Value Insurance being so rated, and such insurance company or financial institution shall not violate the Owner Participant’s credit

restrictions or guidelines applicable to leasing transactions or the extensions of credit in general for either such insurance company or financial institution or its country of domicile or similar entities or countries of comparable credit.

“**Responsible Officer**” means an officer of the Authority or any Affiliate thereof who in the normal performance of his duties has financial or legal responsibility (which shall include customary due diligence) for the transactions contemplated by the Operative Documents.

[“**Return Acceptance Criteria**” shall be performed in accordance with Prudent Industry Practice and shall consist of the following: a review of the mechanical plant of the Facility to determine that it is in serviceable condition and complies with health and safety regulations under Applicable Law and completion of the Return Acceptance Testing. In addition, all on site and boundary security systems must comply with any provincial and local health and safety legislation. The effluent produced by the Facility must have satisfied the discharge regulations as set by the applicable Governmental Authority for the preceding twelve month period. The Lessee shall make available analytical records of influent showing the received levels of BOD (Biological Oxygen Demand), COD (Chemical Oxygen Demand), Suspended Solids, Total Nitrogen, [Kjeldahl Nitrogen], and Total Phosphate in milligrams per litre for the preceding twelve month period. If power generation is made on site, comprehensive maintenance records must be available together with any certificates establishing the integrity of the electrical installation. If gas digestion and gas storage takes place, certificates of safety and maintenance records must be available. If pressure vessels are used, certificates of testing must be returned showing compliance with national safety standards. The population equivalent of waste water received at the Facility should, on a continuous basis, be less than or equal to the original design population equivalent figure or the modified population equivalent if the Facility has been modified or extended from its original condition.] **[Framatome to review.]**

[“**Return Acceptance Testing**” shall be performed by an independent professional engineer in accordance with Prudent Industry Practice and shall consist of the following:

(a) *Unit Operation Performance Testing* will include a Comprehensive Performance Evaluation (CPE) of each of the unit operations at the Facility. The evaluation will confirm the performance of all pumps, mechanical screens, grit chambers, clarifiers, aeration/oxidation processes, nitrification/denitrification processes, odor control operations, sludge thickening and dewatering, anaerobic digestion, plant water systems and standby power. The CPE will address plant performance (on a unit operation basis) and identify specific operational problems and maintenance concerns. Maintenance records for the past five years will be reviewed as part of this analysis.

(b) *Environmental Compliance Test Review* will be a review of the User Lessee’s wastewater effluent from the Facility to assess permit compliance for the preceding year. The effluent produced by the Facility will be compared to the discharge regulations as set by the applicable Governmental Authority for the preceding twelve month period. The Lessee shall make available analytical records of influent showing the

received levels of BOD (Biological Oxygen Demand), COD (Chemical Oxygen Demand), Suspended Solids, Total Nitrogen, Kjeldahl Nitrogen, and Total Phosphate in milligrams per litre for the preceding twelve month period.

(c) *The Facility Failure Report* will review all data or reports generated by the Facility during periods of non-compliance with effluent discharge permits or during which the Facility or any part thereof is placed on inactive service or is experiencing a service interruption or system failure. The acceptance criteria for this test will be the determination that the root cause of any reported permit violation, service interruption, process upset or failure has been properly investigated and remedied.

(d) *The Root Cause and Performance Test* will be a detailed physical inspection of the Facility and an engineering assessment taking into account the results of the Return Acceptance Tests and a review of the operation of the Facility and its maintenance and performance records for the five years prior to return. It will include a detailed review of the Facility for performance-related degradation from [1998] levels. Such degradation will be fully analyzed for root causes. The acceptance criteria for this test will be that any degraded parts of the Facility shall be restored to an operating level consistent with normal wear and tear.] **[Framatome to review.]**

“*Return Option*” has the meaning given such term in Section 14(c) of the Lease.

[“*Revenue Bond Debt Service*” means all principal, interest, administrative surcharge and other amounts now or hereafter payable by the User out of Revenues of the Facility.]

[“*Revenues*” means any income or revenue derived from the operation or ownership of the Facility.]

“*S&P*” means Standard & Poor’s ~~Rating Group~~ [Ratings Services](#), a division of [The McGraw Hill Companies](#), Inc.

“*Secured Indebtedness*” has the meaning given such term in the granting clause of the Loan Agreement.

“*Securities Account*” has the meaning given such term in Section 1 of the Custody Agreement.

“*Securities Act*” means the Securities Act of 1933, as amended, of the United States.

“*Service Contract Amount*” shall mean, for any date, the amount set forth on Exhibit D to the Lease for such date, as each such amount may be adjusted or modified from time to time in accordance with Section 3(d) and/or 14(d)(x) of the Lease.

“*Service Contract Expiration Date*” means the date specified as such on Schedule 1 to this Appendix A.

“*Service Contract Liquidated Damages*” shall mean, for any date, the amount set forth on Exhibit E to the Lease for such date, as each such amount may be adjusted or modified from time to time in accordance with Section 3(d) and/or 14(d)(x) of the Participation Agreement.

“*Service Contract Option*” has the meaning set forth in Section 14(d) of the Lease.

“*Service Contract Option Collateral*” means, excluding Excepted Property, collectively, the first priority security interest of the Refinancing Lenders in the rights of the Trust in and to the Facility, Head Lease Interest, the Capacity Purchase Agreements, the Support and Operating Agreement and the proceeds received in respect of the foregoing items.

“*Service Contract Option Opinion*” means an opinion of tax counsel acceptable to the Owner Participant to the effect that each Capacity Purchase Agreement, taking into account the other arrangements contemplated by the Service Contract Option, including the Support and Operating Agreement, qualifies as a "service contract" under Section 7701(e) of the Code and would not require inclusion in the Lease Term under applicable Regulations in determining the applicable recovery or other relevant period for claiming depreciation expense in respect of the Facility.

“*Service Contract Period*” means the period from but not including the Lease Expiration Date to, and including, the Service Contract Expiration Date, unless earlier terminated in accordance with the provisions of the Service Contract.

“*Severable Part*” has the meaning given such term in Section 8(c) of the Lease.

“*Site*” means the Site as described in Exhibit [] to the ~~Access Agreement~~. [\[User Head Lease\]](#).

~~“*Specified Payment Date*” has the meaning given such term in Section 1.01 of the Payment Agreement.~~

~~“*Standby Letter of Credit*” means the Irrevocable Transferable Standby Letter of Credit dated the Closing Date issued by the LC Issuer in substantially the form of Exhibit A to the Letter of Credit and Reimbursement Agreement, and any New Standby Letter of Credit.~~

~~“*Standby Letter of Credit Fee*” means the fee payable for the Standby Letter of Credit.~~

~~“*Standby Letter of Credit Guarantor*” means AIG.~~

~~“*Standby Letter of Credit Guaranty*” means the Guarantee of American International Group, Inc. (Letter of Credit (SDMFA-2003-K1)) dated as of the Closing Date.~~

“*State*” means the State of South Dakota acting by and through the Department of Environment and Natural Resources or any other department, agency or authority of the State of South Dakota designated by the Governor of the State of South Dakota.

~~“*State Guaranty*” means the State Guaranty (SDMFA-200-K1), dated as of the Closing Date, issued by the Authority and the User.~~ “*Stipulated Loss Value*” means *Stipulated Loss Value*” means (i) in the case of the Lease, as of any Stipulated Loss Value Determination Date, the Relevant Percentage with respect to the Facility of the amount set forth in Exhibit C to the Lease Supplement opposite the date that is the Stipulated Loss Value Determination Date; (ii) in the case of the Sublease, as of any Stipulated Loss Value Determination Date, the Relevant Percentage with respect to the Facility of the amount set forth in Exhibit C to the Sublease Supplement opposite the date that is the Stipulated Loss Value Determination Date; and (iii) in the case of the User Lease, as of any Stipulated Loss Value Determination Date, the Relevant Percentage with respect to the Facility of the amount set forth in Exhibit C to the Lease Supplement opposite the date that is the Stipulated Loss Value Determination Date.

“*Stipulated Loss Value Determination Date*” means each date set forth on Exhibit C to the Lease Supplement, the Sublease Supplement or the User Lease Supplement, as appropriate.

~~“*Strip Surety Policy*” means the Financial Guaranty Insurance Policy No. [*] and any New Strip Surety Policy.~~

~~“*Strip Surety Policy Fee*” means the fee payable for the Strip Surety Policy.~~

~~“*Strip Surety Provider*” means AIG or, with respect to any New Strip Surety Policy, a New Strip Surety Provider.~~

“*Sublease*” means the Sublease Agreement (SDMFA-2003-~~K~~F1), dated as of the Closing Date, between the Authority and the User, as ~~the Sublessor~~Sublessors, and the State, as the Sublessee.

“*Sublease Event of Default*” means any of the events described in Section 16 of the Sublease.

“*Sublease Expiration Date*” means the Sublease Expiration Date as specified on Schedule I to this Appendix A.

“*Sublease Lease Rent*” means the amount of rent payable on each Rent Payment Date throughout the Sublease Term pursuant to Section 3(b) of the Sublease.

“*Sublease Supplement*” means the Sublease Supplement (~~SDFMA~~SDMFA-2003-~~K~~F1), substantially in the form of Exhibit A to the Sublease to be entered into between the Sublessor and the Sublessee on the Closing Date for the purpose of leasing the Facility identified therein, and any state lease supplement subsequently entered into by the Sublessor and the Sublessee with respect to the Sublease.

“**Sublease Term**” means the period of time under the Sublease commencing on the Closing Date and ending 11:59 p.m. (New York City time) on the Sublease Expiration Date, unless the Sublease is earlier terminated in accordance with its terms.

“**Sublease Purchase Notice**” has the meaning given such term in Section 14(a) of the Sublease.

“**Sublease Purchase Option**” has the meaning given such term in Section 14(a) of the Sublease.

“**Sublease Purchase Option Price**” for the Head Lease Interest in the Facility means the price payable under the Sublease Purchase Option (payable in installments to the extent permitted under Section 14(a) of the Sublease) as set forth on Exhibit E to the Sublease Supplement.

“**Sublease Rent**” means Sublease Lease Rent and Sublease Supplemental Rent.

“**Sublease Supplemental Rent**” means all amounts, liabilities and obligations (other than Sublease Lease Rent) that the Sublessee assumes or agrees to pay under the Operative Documents to the Sublessor or any other Person whether or not designated as Sublease Supplemental Rent, including payments of Stipulated Loss Value, Termination Value, the Sublease Purchase Option Price, Fair Market Sales Value, Make Whole Amount and all indemnity payments pursuant to Section 15 of the Participation Agreement or the Tax Indemnification Agreement. The parties acknowledge that Sublease Supplemental Rent is a general category and accordingly agree that any provision in any Operative Document which calls for the payment of Sublease Supplemental Rent and also calls for the payment of specific items which are included as Sublease Supplemental Rent is not intended as requiring a double payment.

“**Sublessee**” means the State.

“**Sublessor**” means the Authority.

“**Supplemental Rent**” means all amounts, liabilities and obligations (other than Lease Rent) that the Lessee assumes or agrees to pay under the Operative Documents to the Trust or any other Person whether or not designated as Supplemental Rent, including payments of Stipulated Loss Value, Termination Value, the Purchase Option Price, Fair Market Sales Value, Make Whole Amount and all indemnity payments pursuant to Section 15 of the Participation Agreement or the Tax Indemnification Agreement. The parties acknowledge that Supplemental Rent is a general category and accordingly agree that any provision in any Operative Document which calls for the payment of Supplemental Rent and also calls for the payment of specific items which are included as Supplemental Rent is not intended as requiring a double payment.

“**Support and Operating Agreement**” means the Support and Operating Agreement (SDMFA-2003-~~K~~F1), dated as of the Closing Date, between the Trust and the User.

“Swap Agreement” means [_____].

“Swap Party” means AIG Financial Products Corp., a Delaware corporation.

“Tax” or “Taxes” means any and all fees (including license, documentation, filing and registration fees), taxes (including income, gross receipt, sales, transfer, rental, use, turnover, value added, *ad valorem*, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, penalties attributable to a failure to properly register a tax shelter, recording charges or fees, charges, assessments or withholdings of any nature whatsoever, together with any and all assessments, penalties, fines, additions and interest thereon.

“Tax Affiliate” means any member of the Lessee’s “lessee group” as such term is defined in Rev. Proc. 2001-28, 2001-1 C.B. 1156.

“Tax Exempt Entity” means an organization as described in Section 168(h)(2) of the Code.

“Tax Indemnification Agreement” means the Tax Indemnification Agreement (SDMFA-2003-~~K~~F1), dated as of the Closing Date, ~~between~~among the Authority, the User and the Owner Participant.

“Tax Savings” has the meaning given such term in Section 15(c)(iv) of the Participation Agreement.

“Termination Amount Payment Date” has the meaning given such term in Section 1.01 of the Payment Agreement.

“Termination Date” has the meaning given such term in Section 15(a) of the Lease.

“Termination Value” means, as of any Termination Value Determination Date or Termination Date, the Relevant Percentage with respect to the Facility of the amount set forth in Exhibit D to the Lease Supplement under the caption “Termination Value” and opposite the date that is the Termination Value Determination Date or Termination Date.

“Termination Value Determination Date” means each date set forth in Exhibit D to the Lease Supplement.

“Transaction Costs” means all of the out-of-pocket costs, fees and expenses incurred by the Owner Participant, the Lender, the Holders, the ~~Payment Undertaker (other than the Undertaking Fee), the Equity Payment Undertaker (other than the Equity Undertaking Fee), the Head Lessor, the User Head Lessor, the Lessee~~Head Lessor, the Lessees, the Sublessee, the User Lessee, the Trust, ~~the Strip Surety Provider (other than the Strip Surety Policy Fee), the LC Issuer (other than the Standby Letter of Credit Fee)~~ and the Trust Company in connection with the negotiation, preparation, execution, delivery, filing and recording of the Operative Documents and the transactions contemplated thereby, including:

(i) the reasonable fees, expenses and disbursements of (A) King & Spalding LLP, special New York counsel for the Owner Participant, (B) ~~[—]~~ Lynn, Jackson, Schultz & Lebrun, P.C., special South Dakota counsel for the Owner Participant, (C) ~~White & Case LLP~~ Vedder, Price, Kaufmann & Kammholz, P.C., special New York counsel for the Lender, ~~the Strip Surety Provider, the LC Issuer, the Payment Undertaker and the Equity Payment Undertaker, and Maples and Calder, special Cayman Islands~~ and the Floating Rate Lender, and [], special ~~[]~~ counsel for the Lender ~~and the Payment Undertaker~~, (D) [], special South Dakota counsel for the Trust and the Trust Company, (E) ~~Bingham McCutchen LLP~~ [], special ~~Connecticut~~ Delaware counsel for the Trust and the Trust Company, ~~{(F) White & Case LLP}~~ (F) Fulbright & Jaworski L.L.P., special counsel for the ~~Lender, the Owner Participant, the Payment Undertaker, the Equity Payment Undertaker and the Strip Surety Provider,~~ Swap Party, (G) [], special South Dakota counsel for the Authority and the State, (H) Chapman and Cutler LLP, special co-counsel for the City User, and (I) Dorsey & Whitney LLP, special co-counsel for the City User;

(ii) the initial and ongoing fees for customary services (not including extraordinary services) and expenses of the Trust Company;

(iii) the cost of the Appraisal, plus the reasonable documented disbursements of the Appraiser incurred in connection with the preparation and delivery of the Appraisal;

(iv) the fees, costs and expenses of [] in preparing an assessment of the commercial viability of a lease-to-service contract transaction for the Facility;

(v) banking fees related to the establishment of various accounts in connection with the Closing; and

(vi) the fees, costs and expenses of Collateral Guaranty LLC in preparing an opinion with respect to the Residual Value Insurance.

“*Transaction Documents*” has the meaning given such term in Section 2 to the Assignment and Assumption Agreement.

“*Transferee*” has the meaning given such term in Section 14(a) of the Participation Agreement.

“*Transferee Guaranty*” means a guaranty of all of the obligations of a Transferee under the Operative Documents, substantially in the form of Exhibit B to the Participation Agreement, any such guaranty to be entered into in accordance with Section 14(a) of the Participation Agreement.

“*Treasury Obligations*” means the bonds, bills or notes issued by the United States government and backed by the full faith and credit thereof, and publicly traded interest rate strips constituting an interest in any thereof.

“*Trust*” means the trust established pursuant to the Trust Agreement.

“*Trust Agreement*” means the Trust Agreement (SDMFA-2003-~~K~~F1), dated as of [*] between the Owner Participant and the Trust Company.

“*Trust Company*” means ~~{U.S. Bank National Association}, a national~~ Wilmington Trust Company, a Delaware banking ~~association~~ corporation, in its individual capacity.

“*Trust Company Document*” has the meaning given such term in Section 7.1(a) of the Participation Agreement.

“*Trust Documents*” has the meaning given such term in Section 7.2(a) of the Participation Agreement.

“*Trust Estate*” has the meaning given such term in Section 2.03 of the Trust Agreement.

“*Trust Office*” means the Corporate Trust Administration Office of the Trust Company located at the principal office of the Trust Company at 1100 North Market Street, Wilmington, DE 19890-0001, or such other department or office at which the Trust Company’s corporate trust business shall be administered which the Trust Company shall have specified by written notice to the Lessees, the Owner Participant and the Lender.

“*Trust Indenture Act*” means the Trust Indenture Act of 1939, as amended, or any subsequent legislation that amends, supplements or supersedes such act.

“*Trustee*” means the Trust Company, not in its individual capacity, but solely in its capacity as Trustee under the Trust Agreement, except as expressly set forth in the Participation Agreement and the Trust Agreement.

“*UCC*” means the Uniform Commercial Code as adopted in any applicable jurisdiction.

~~“*Undertaking Fee*” has the meaning given such term in Section 1.01 of the Payment Agreement.~~

“*United States*” means the United States of America.

“*U.S. Government Obligations*” means direct obligations of the United States and agencies thereof for which the full faith and credit of the United States is guaranteed.

“*U.S. Person*” means a “United States Person” within the meaning of Section 7701(a)(30) of the Code.

“*User*” means ~~Rapid~~the City ~~of Aberdeen.~~

~~{“*User Guaranty Lease*” means the User Guaranty (SDMFA-200-K1), dated as of the Closing Date, issued by the Authority and the State.}~~

~~“*User Head Lease*” means the User Head Lease Agreement (SDMFA-2003-K1), dated as of the Closing Date, between the User, as the User Head Lessor, and the Authority, as the User Head Lessee.~~

~~“*User Head Lease Basic Term*” has the meaning given such term in Section 3(a)(i) of the User Head Lease.~~

~~“*User Head Lease Interest*” means all of the User Head Lessee’s right, title and interest in, to and under the User Head Lease and all of the User Head Lessee’s right and interest in, to and under the Access Rights, and, when used in reference to the Facility refers to such right, title and interest in respect of the Facility.~~

~~“*User Head Lease Payment*” has the meaning given such term in Section 3(b) of the User Head Lease.~~

~~“*User Head Lease Purchase Option*” has the meaning given such term in Section 13 of the User Head Lease.~~

~~“*User Head Lease Purchase Option Price*” has the meaning given such term in Section 13 of the User Head Lease.~~

~~“*User Head Lease Renewal Term*” has the meaning given such term in Section 3(a)(ii) of the User Head Lease.~~

~~“*User Head Lease Supplement*” means the User Head Lease Supplement (SDMFA-2003-K1), substantially in the form of Exhibit A to the User Head Lease to be entered into between the User Head Lessor and the User Head Lessee on the Closing Date for the purpose of leasing the Facility identified therein, and any user head lease supplement subsequently entered into by the User Head Lessor and the User Head Lessee with respect to the User Head Lease.~~

~~“*User Head Lease Term*” has the meaning given such term in Section 3(a)(ii) of the User Head Lease.~~

~~“*User Head Lessee*” means the Authority.~~

~~“*User Head Lessor*” means the User.~~ ~~“*User Lease*” means the User Lease Agreement (SDMFA-2003-K1).~~ Lease Agreement (SDMFA-2003-F1), dated as of the Closing Date, between the State, as the User Lessor, and the User, as the User Lessee.

“**User Lease Event of Default**” means any of the events described in Section 16 of the User Lease.

“**User Lease Expiration Date**” means the User Lease Expiration Date as specified on Schedule I to this Appendix A.

“**User Lease Rent**” means the amount of rent payable on each Rent Payment Date throughout the User Lease Term pursuant to Section 3(b) of the User Lease.

“**User Lease Supplement**” means the User Lease Supplement (SDFMA-2003-~~K~~F1), substantially in the form of Exhibit A to the User Lease to be entered into between the User Lessor and the User Lessee on the Closing Date for the purpose of leasing the Facility identified therein, and any user lease supplement subsequently entered into by the User Lessor and the User Lessee with respect to the User Lease.

“**User Lease Term**” means the period of time under the User Lease commencing on the Closing Date and ending 11:59 p.m. (New York City time) on the User Lease Expiration Date, unless the User Lease is earlier terminated in accordance with its terms.

“**User Lessee**” means the User.

“**User Lessor**” means the State.

[“**User Loan Agreements**” means the loan agreements between the User and the Conservancy District identified on Schedule [VI] to the Participation Agreement and any other loan agreement entered into by the User with respect to Additional Bonds.]

“**User Purchase Notice**” has the meaning given such term in Section 14(a) of the User Lease.

“**User Purchase Option**” has the meaning given such term in Section 14(a) of the User Lease.

“**User Purchase Option Price**” for the Head Lease Interest in the Facility means the price payable under the User Purchase Option (payable in installments to the extent permitted under Section 14(a) of the User Lease) as set forth on Exhibit E to the User Lease Supplement.

“**User Rent**” means User Lease Rent and User Supplemental Rent.

“**User Supplemental Rent**” means all amounts, liabilities and obligations (other than User Lease Rent) that the User Lessee assumes or agrees to pay under the Operative Documents to the State or any other Person whether or not designated as User Supplemental Rent, including payments of Stipulated Loss Value, Termination Value, the User Purchase Option Price, Fair Market Sales Value, Make Whole Amount and all indemnity payments pursuant to Section 15 of the Participation Agreement or the Tax Indemnification Agreement. The parties acknowledge that User Supplemental Rent is a general category and accordingly agree that any provision in any Operative Document

which calls for the payment of User Supplemental Rent and also calls for the payment of specific items which are included as User Supplemental Rent is not intended as requiring a double payment.

PRICING ASSUMPTIONS

Applicable Rate

Closing Date

Equity Discount Rate

Facility Value

Head Lease Basic Term Expiration Date

Lease Expiration Date

Loan Amount

Maturity Date

Owner Participant's Commitment

Prepaid Rent Interest Rate

Refinancing Loan Amount

Residual Value Insurance Amount

Service Contract Expiration Date

Sublease Expiration Date

User Lease Expiration Date

Schedule II to Appendix A to
Participation Agreement (SDMFA-2003-F1)

MAXIMUM DEFAULT EXPOSURE AMOUNTS