Municipal Liquidity Facility

Effective August 11, 2020[1]

Facility: The Municipal Liquidity Facility ("Facility"), which has been authorized under Section 13(3) of the Federal Reserve Act, will support lending to each:

- U.S. state and the District of Columbia (together, "States"),
- U.S. city that (i) has a population exceeding 250,000 residents[2] or (ii) is a Designated City (together, "Cities"),
- U.S. county that (i) has a population exceeding 500,000 residents[3] or (ii) is a Designated County (together, "Counties"),
- Multi-State Entity, and
- Revenue Bond Issuers that are designated as described below ("Designated RBIs").

Under the Facility, the Federal Reserve Bank of New York ("Reserve Bank") will commit to lend to a special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase Eligible Notes directly from Eligible Issuers at the time of issuance. The Reserve Bank will be secured by all the assets of the SPV. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act, will make an initial equity investment of $35 billion in the SPV in connection with the Facility. The SPV will have the ability to purchase up to $500 billion of Eligible Notes.

Eligible Notes: Eligible Notes are tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), revenue anticipation notes (RANs), and other similar short-term notes issued by Eligible Issuers, provided that such notes mature no later than 36 months from the date of issuance. In each case, a note's eligibility is subject to review by the Federal Reserve. Relevant legal opinions and disclosures will be required as determined by the Federal Reserve prior to purchase.

Eligible Issuer: An Eligible Issuer is a State, City, or County (or, subject to Federal Reserve review and approval, an entity that issues securities on behalf of the State, City, or County for the purpose of managing its cash flows), or a Multi-State Entity or Designated RBI.

An Eligible Issuer that is not a Multi-State Entity or Designated RBI must have been rated at least BBB-/Baa3 as of April 8, 2020, by two or more major nationally recognized statistical rating organizations ("NRSROs"). An Eligible Issuer that is not a Multi-State Entity or Designated RBI and that was rated at least BBB-/Baa3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BB-/Ba3 by two or more major NRSROs at the time the Facility makes a purchase. An Eligible Issuer that is a Multi-State Entity or Designated RBI must have been rated at least A-/A3 as of April 8, 2020, by two or more major NRSROs. A Multi-State Entity or Designated RBI that was rated at least A-/A3 as of April 8, 2020, but is subsequently downgraded, must be rated at least BBB-/Baa3 by two or more major NRSROs at the time the Facility makes a purchase. Notwithstanding the foregoing, if a State, City, County, Multi-State Entity, or Designated RBI was rated by

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[1] The Board of Governors of the Federal Reserve System ("Board") and Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] Source: U.S. Census Bureau, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018, as of April 6, 2020 (https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-cities-and-towns.html).

[3] Source: U.S. Census Bureau, "Population, Population Change, and Estimated Components of Population Change: April 1, 2010 to July 1, 2019 (CO-EST2019-alldata)" dataset as of April 6, 2020 (https://www.census.gov/data/datasets/time-series/demo/popest/2010s-counties-total.html#par_textimage_739801612.)

only one major NRSRO as of April 8, 2020, it may be an Eligible Issuer under the Facility if (i) the rating was at least BBB-/Baa3 (for a State, City, or County) or A-/A3 (for a Multi-State Entity or Designated RBI); (ii) the State, City, County, Multi-State Entity, or Designated RBI is rated by at least two major NRSROs at the time the Facility makes a purchase; and (iii) such ratings are at least BB-/Ba3 (for a State, City, or County) or BBB-/Baa3 (for a Multi-State Entity or Designated RBI).

Only one issuer per State, City, County, Multi-State Entity, or Designated RBI is eligible; provided that the Federal Reserve may approve one or more additional issuers per State, City, or County to facilitate the provision of assistance to political subdivisions and other governmental entities of the relevant State, City, or County.

Governor-Designated Participants: The Governors of U.S. states may designate cities, counties, and Revenue Bond Issuers located in their states for participation in the Facility, and the Mayor of the District of Columbia may designate a Revenue Bond Issuer located in the District of Columbia for participation in the Facility, in each case subject to the limits described below. Any such designated cities will be "Designated Cities," designated counties will be "Designated Counties," and designated Revenue Bond Issuers will be "Designated RBIs."

Designated Cities and Counties: For each Governor of a U.S. state, the maximum total number (on a combined basis) of Designated Cities and Designated Counties that he or she may designate is set forth in Appendix A. The numbers set forth in Appendix A were selected to ensure that each U.S. state has at least two total cities and counties (on a combined basis) that may participate in the Facility.[4]

A Governor that has the ability to designate one Designated City or Designated County may choose either (i) the most populous city in his or her state that has less than 250,000 residents or (ii) the most populous county in his or her state that has less than 500,000 residents.

A Governor that has the ability to designate two Designated Cities and Designated Counties (on a combined basis) may choose any of the following combinations:

- The most populous city and most populous county;
- The most populous city and second-most populous city; or
- The most populous county and second-most populous county.

Revenue Bond Issuer: A Revenue Bond Issuer is a State or political subdivision thereof, or a public authority, agency, or instrumentality of a State or political subdivision thereof, that issues bonds that are secured by revenue from a specified source that is owned by a governmental entity.

Designated RBIs: Each Governor of a U.S. state may designate up to two Designated RBIs. The Mayor of the District of Columbia may designate one Designated RBI.

Multi-State Entity: A Multi-State Entity is an entity that was created by a compact between two or more States, which compact has been approved by the United States Congress, acting pursuant to its power under the Compact Clause of the United States Constitution.

Security for Eligible Notes: Note security will be subject to review and approval by the Federal Reserve. The source of repayment and security for Eligible Notes will depend on the applicable constitutional and statutory

[4] In determining the number of cities and counties in each U.S. state that may participate in the Facility, cities and counties were not counted if they have an issuance limit of zero dollars because they have no general revenue from own sources and utility revenue for fiscal year 2017.

provisions governing the Eligible Issuer and should be generally consistent with the source of repayment and strongest security typically pledged to repay publicly offered obligations of the Eligible Issuer. Eligible Notes issued by Eligible Issuers that are not Multi-State Entities or Designated RBIs will generally be expected to represent general obligations of the Eligible Issuer, or be backed by tax or other specified governmental revenues of the applicable State, City, or County. If the Eligible Issuer is an authority, agency, or other entity of a State, City, or County, such Eligible Issuer must either commit the credit of, or pledge revenues of, the State, City, or County, or the State, City, or County must guarantee the Eligible Notes issued by such issuer. If the Eligible Issuer is a Multi-State Entity or Designated RBI, the Eligible Notes will be expected to be parity obligations of existing debt secured by a senior lien on the gross or net revenues of the Multi-State Entity or Designated RBI.

Limit per State, City, County, Multi-State Entity, and Designated RBI: The SPV may purchase Eligible Notes issued by or on behalf of a State, City, or County in one or more issuances of up to an aggregate amount of 20% of the general revenue from own sources and utility revenue of the applicable State, City, or County government for fiscal year 2017.[5] The SPV may purchase Eligible Notes issued by a Multi-State Entity or Designated RBI in one or more issuances of up to an aggregate amount of 20% of the gross revenue of the Multi-State Entity or Designated RBI, as reported in its audited financial statements for fiscal year 2019. States may request that the SPV purchase Eligible Notes in excess of the applicable limit in order to assist political subdivisions and other governmental entities that are not eligible for the Facility.

Pricing: The methodology for pricing is set forth in the attached Appendix B. An Eligible Issuer that has issued Eligible Notes to the SPV may elect to reprice such Eligible Notes based on pricing revisions to Appendix B. The new pricing will be based on the applicable ratings at the time of the repricing.

Origination Fee: Each Eligible Issuer that participates in the Facility must pay an origination fee equal to 10 basis points of the principal amount of the Eligible Issuer's notes purchased by the SPV. The origination fee may be paid from the proceeds of the issuance. The origination fee shall not apply in connection with the repricing of Eligible Notes.

Prepayment Right: With the approval of the SPV, Eligible Notes purchased by the SPV may be prepaid by the Eligible Issuer at any time, in whole or in part, at par (or, in the case of Eligible Notes purchased at a premium, par plus unamortized premium) plus accrued interest, prior to maturity.

Eligible Use of Proceeds: An Eligible Issuer may use the proceeds of Eligible Notes purchased by the SPV to help manage the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline; deferrals or reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-19 pandemic; and requirements for the payment of principal and interest on obligations of the Eligible Issuer or its political subdivisions or other governmental entities. An Eligible Issuer (other than a Multi-State Entity or Designated RBI) may use the proceeds of the notes purchased by the SPV to purchase similar notes issued by, or otherwise to assist, political subdivisions and other governmental entities of the relevant State, City, or County for the purposes enumerated in the prior sentence.

Termination Date: The SPV will cease purchasing Eligible Notes on December 31, 2020, unless the Board and the Treasury Department extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

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[5] Source: U.S. Census Bureau, 2017 State & Local Government Historical Datasets and Tables, as of April 6, 2020 (https://www.census.gov/data/datasets/2017/econ/local/public-use-datasets.html).

Municipal Liquidity Facility – Appendix A

State	Designated Cities and Counties	State	Designated Cities and Counties
Alabama	1	Montana	2
Alaska	1	Nebraska	0
Arizona	0	Nevada	0
Arkansas	2	New Hampshire	2
California	0	New Jersey	0
Colorado	0	New Mexico	0
Connecticut	2	New York	0
Delaware	1	North Carolina	0
Florida	0	North Dakota	2
Georgia	0	Ohio	0
Hawaii	1	Oklahoma	0
Idaho	2	Oregon	0
Illinois	0	Pennsylvania	0
Indiana	0	Rhode Island	2
Iowa	2	South Carolina	1
Kansas	0	South Dakota	2
Kentucky	0	Tennessee	0
Louisiana	1	Texas	0
Maine	2	Utah	0
Maryland	0	Vermont	2
Massachusetts	0	Virginia	0
Michigan	0	Washington	0
Minnesota	0	West Virginia	2
Mississippi	2	Wisconsin	0
Missouri	0	Wyoming	2

Municipal Liquidity Facility - Appendix B

Tax-Exempt Eligible Notes: If interest on the Eligible Notes is excluded from gross income for federal income tax purposes, pricing will be at a fixed interest rate based on a comparable maturity overnight index swap ("OIS") rate plus the applicable spread based on the long-term rating of the security for the Eligible Notes as follows:

Rating*	**Spread (bps)**
AAA/Aaa	100
AA+/Aa1	120
AA/Aa2	125
AA-/Aa3	140
A+/A1	190
A/A2	200
A-/A3	215
BBB+/Baa1	275
BBB/Baa2	290
BBB-/Baa3	330
Below Investment Grade	540

* To account for split ratings across different credit rating agencies, an average rating generally will be calculated.

Taxable Eligible Notes: If interest on the Eligible Notes is not excluded from gross income for federal income tax purposes, pricing will be at a fixed interest rate that is calculated by (i) first, adding the comparable maturity OIS rate to the spread in the above table that would apply to such Eligible Notes if the Eligible Notes were tax-exempt Eligible Notes, and (ii) second, dividing the sum calculated under clause (i) by 0.70.