**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Company”)**

**RENEWABLE ENERGY ACCESS DONOR ADVISED FUND (DAF)**

**RECOVERABLE GRANT SUMMARY OF TERMS**

This term sheet does not constitute an offer and is solely for discussion purposes. This term sheet shall not be construed as creating any obligations on any party whatsoever, and shall not be binding on any party unless the terms of the proposed investment are contained within definitive documents which are negotiated, executed, and delivered in connection with the closing of such investment.

The purpose of the Grant is to support Company’s mission of promoting sustainable economic development and avoiding carbon emissions, which is in furtherance of Impact Assets’ mission and charitable purpose.

Type of Security: Recoverable Grant (the “Grant”).

Interest Rate: 1% of the Grant amount simple interest per annum.

Interest Payment Terms: Company shall make annual payments of interest only, within 60 days after the end of each calendar year with respect to such calendar year (or portion thereof) until the Maturity Date.

Maturity: Seven years from date of issuance (the “Maturity Date”).

Grant Repayment: The Grant shall be repaid only if any of the following occur before the Maturity Date:

1. A “Liquidity Event,” which shall be defined as

(i) a merger or consolidation in which (x) the Company is a constituent party or (y) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (ii) the sale, lease, transfer, exclusive license, or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation, or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license, or other disposition is to a wholly owned subsidiary of the Company.

The Company’s obligation to repay the Grant in the case of a Liquidity Event shall be subordinate to its obligation to return to the holders of the then-outstanding shares of Company’s Preferred Stock, if any, the amount of capital invested in purchasing such shares, after adjusting for stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like (meaning that Company’s repayment obligations hereunder will only become effective in connection with such Liquidity Event after each of the then-outstanding shares of Company’s Preferred Stock, if any, has received a return equal to the original purchase price of such shares).

2. The Company has three successive fiscal years in which revenues are 10X the amount of the grant and net income is positive and provided that such cumulative net income during those three fiscal years is equivalent to at least 150% of the funds disbursed under the Grant.[[1]](#footnote-1)

Upon the occurrence of either of the two triggering events, the Company shall have 90 days to repay the Grant to Impact Assets or to convert the Grant to a note paying 6% interest with a bullet maturity in three years.

Subordination: The Grant will be subordinated to (1) all indebtedness of the Company to banks, commercial finance lenders, insurance companies, leasing and equipment financing institutions, and/or other institutions regularly engaged in the business of lending money and (2) all obligations to investors including holders of preferred stock, convertible notes, SAFEs, promissory notes, and the like.

**Security:** The Grant will be unsecured.

Information Rights: Within 90 days of the end of each calendar year until the Maturity Date, Company will provide Impact Assets with its unaudited consolidated balance sheet as of the end of such year and the related unaudited consolidated statements of income and retained earnings and of cash flows for such year.

Amendment: The Grant may be amended by mutual agreement of the parties.

1. [↑](#footnote-ref-1)