

**Banning Lewis Ranch Metropolitan District No. 3**  
**Term Sheet**  
**Series 2015A Limited Tax General Obligation Bonds**  
(as of October 12, 2015)

**Delivery Date:** November 19, 2015

**Par Amount:** \$9,000,000.00 (approximate, actual par amount determined at pricing)

**Project Fund:** \$6.7M approximately

**Costs of Issuance:** \$0.4M approximately

**Capitalized Interest:** \$1.1M approximately

**Debt Service Reserve:** \$0.8M

**Final Maturity:** December 1, 2045

**Interest Rate:** 6.5% (estimated rate, actual rate determined at pricing)

**Payment Dates:** Semi-annual interest payments on June 1 and December 1 with principal payments annually on December 1

**Tax Status:** Tax-exempt, Non-AMT, bank-qualified

**Optional Redemption:** 5 year call with declining premium starting at 103% in 2020. Actual terms are determined at pricing.

**Rating:** Non-Rated

**Pledged Revenue:** A senior lien on revenues produced from the required mill levy (30 mills) subject to a gallagherized 30 mill levy cap. The District also pledges the specific ownership tax from the debt service mill levy and development fees at \$1,000 per unit.

**Surplus Fund:** The District shall be required to levy 30 mills gallagherized debt service until the Surplus Fund is full. To the extent this amount is not needed for current year debt service, it will be deposited to the Surplus Fund. The Surplus Fund will have a maximum size of 10% of par and shall be drawn in the event that current revenue at 30 mills gallagherized is insufficient to cover current debt service. The Surplus Fund will only release when the senior bonds (2015A) are no longer outstanding.



**Additional Debt:** Allowed without consent once the District is at or below 30% total debt to assessed. Allowed with majority bondholder consent otherwise.

**Subordinate Debt:** Subordinate bonds may be issued provided that they pay debt service annually only after all payment on senior bonds, that the district is current on senior debt service, that the Debt Service Reserve Fund is fully funded, and that the bonds are in compliance with the parameters for issuance under any existing subordinate bond documents.

**Trustee:** UMB

**Title 11 exemption:** \$500,000 denominations

**Title 32 qual.:** Issued to financial institutions or institutional investors



**Term Sheet**  
**Series 2015B Subordinate Cash Flow Bonds**

<b>Closing Date:</b>	November 19, 2015
<b>Par Amount:</b>	\$1,800,000 (approximate, actual par amount determined at pricing)
<b>Project Fund:</b>	\$1.76M approximately
<b>Costs Of Issuance:</b>	\$0.04 approximately
<b>Final Maturity:</b>	December 15, 2045 (with a 40 year discharge provision)
<b>Interest Rate:</b>	8.0% (estimated)
<b>Rating:</b>	Non-Rated
<b>Tax-Exempt:</b>	Yes, Non-AMT, bank-qualified
<b>Optional Redemption:</b>	5 year call with declining premium starting at 103% in 2020. Actual terms are determined at pricing.
<b>Structure:</b>	The bonds are structured as cash flow bonds that pay interest each year on December 15 <sup>th</sup> subject to the receipt of sufficient pledged revenue. Any remaining Pledged Revenue available to the subordinate bonds will be used to pay accrued interest, then principal. Interest not paid when due will accrue and compound annually at the rate on the bonds.
<b>Pledged Revenue:</b>	Subordinate lien on revenues produced from a debt service mill levy of 30 mills plus specific ownership tax from the debt service mill levy. The subordinate bonds will also have a pledge of the Senior Surplus fund once the senior bonds are no longer outstanding.
<b>Additional Debt:</b>	No senior debt (other than debt which is for the refunding of the 2015A bonds) allowed without 100% subordinate bondholder consent
<b>Title 11 exemption:</b>	\$500,000 denominations
<b>Title 32 qual.:</b>	Issued to financial institutions or institutional investors

