

**Banning Lewis Ranch Metropolitan District No. 2**  
**Term Sheet**  
**Series 2014B Subordinate Limited Tax General Obligation Bonds**  
**(as of February 24, 2014)**

*FOR DISTRICT USE ONLY*  
*PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS*

- Closing Date:** April 29, 2014
- Par Amount:** An amount to be determined, approximately \$3,000,000
- Final Maturity:** December 15, 2047
- Interest Rate:** 6.50% (estimated)
- Optional Redemption:** Anytime
- Rating:** Non-Rated
- Tax-Exempt:** Yes, Non-AMT, bank-qualified
- Structure:** The bonds are structured as cash flow bonds that pay current interest each year on December 15th. 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.
- Pledged Revenue:** Subordinate lien on revenues produced from a debt service mill levy of 30, mills, Gallagherized for change in law, but not past the limitation set forth in Section 32-1-1101 (6)(b), C.R.S. plus specific ownership tax from the debt service mill levy.
- Permitted Senior Bonds:** Senior debt intended to refund the Series 2013 Bonds allowed provided that the maximum annual debt service of those bonds does not exceed the maximum annual debt service for that year as shown in Exhibit B of the Subordinate Bond Resolution
- Title 11 exemption:** \$500,000 denominations
- Other Factors:** In exchange for the issuance of this subordinate debt, District No.2's approximately \$70M Annual Appropriation Obligation will be extinguished from District No.2's balance sheet.

