

FLYING HORSE METROPOLITAN DISTRICT NO. 2
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020A

Draft Term Sheet
(as May 1, 2020)

FOR DISTRICT USE ONLY
PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS

Delivery Date: July 2, 2020

Sources:

Par Amount: \$35,455,000 (estimated)
Premium: \$4,061,381 (estimated)
Funds on Hand \$2,110,000 (estimated)

Uses:

Project Fund: \$40,961,273 (estimated)
Costs of Issuance: \$665,108 (estimated)

Structure:

Final Maturity: December 1, 2050. The 2020A Bonds will be discharged on December 1, 2059 (the same discharge date as the District 3 Series 2019 Bonds).

Interest Rate: TIC of 4.12% (estimated as of the current market)

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

Optional Redemption: Estimated 12/1/2030 at par

Credit Rating: Anticipated investment grade, projected 'Baa2'

Pledged Revenue: Pledged Revenue consists of a senior lien on (i) revenues produced from the required mill levy of 30 mills (currently 33.124 mills, as adjusted from January 1, 2005) (the "Required Mill Levy"); (ii) specific ownership taxes generated from the Required Mill Levy, and (iii) revenues generated from the District's imposition of a system development fee due at the time of building permit.

Additional Debt: Allowed without bondholder consent for a refunding of this 2020 debt such that debt service is lower in every year.

Subordinate Debt: Subordinate bonds may be issued provided that they pay debt service annually only after all payment on senior bonds.

Events of Default: It is not an event of default if the District fails to pay interest and principal on December 1, but has levied the required mill levy. Only failure to levy the required mill levy is a payment event of default.

Trustee: UMB Bank, n.a.

Title 32 qual.: Rated in one of the four highest investment grade ratings.

Title 11 exemption: Rated in one of the four highest investment grade ratings.

FLYING HORSE METROPOLITAN DISTRICT NO. 2
SUBORDINATE LIMITED TAX GENERAL OBLIGATION REDUNDING BONDS, SERIES 2020B

Draft Term Sheet
(as of May 1, 2020)

FOR DISTRICT USE ONLY
PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS

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| Delivery Date: | July 2, 2020 |
| <u>Sources:</u> | |
| Par Amount: | \$8,790,000 (estimated) |
| <u>Uses:</u> | |
| Project Fund: | \$8,526,300 (estimated) |
| Costs of Issuance: | \$263,700 (estimated) |
| <u>Structure:</u> | |
| Final Maturity: | December 15, 2050. The 2020B Bonds will be discharged on December 15, 2059. |
| Interest Rate: | 8.5% (estimated as of the current market) |
| Payment Dates: | The bonds are structured as cash flow bonds that pay each year on December 15th. Any senior pledged revenue available to the subordinate bonds will be used to pay current interest, accrued interest, and then principal. Interest not paid when due will accrue and compound annually at the rate on the bonds. Any amount unpaid at the maturity date will remain outstanding and continue to accrue and compound. |
| Tax Status: | Tax-exempt, Non-AMT, Bank Qualified |
| Optional Redemption: | Estimated 9/15/2025 at \$103 premium declining (actual redemption provisions determined at pricing) |
| Credit Rating: | Non-Rated |
| Pledged Revenue: | Subordinate lien on revenues produced from the senior pledged revenue stream. |

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| Additional Subordinate Debt: | Additional debt allowed with 100% subordinate bondholder consent. Senior debt allowed without subordinate bondholder consent only for refunding the senior debt and subject to the conditions that: <ul style="list-style-type: none">- The refunding bond debt service is lower in every year than the refunded bond debt service; <i>Additional debt terms are subject to further discussion with bond counsel.</i> |
| Junior Subordinate Debt: | Junior subordinate bonds may be issued provided that they pay debt service annually only after all payment on senior bonds and subordinate bonds. |
| Trustee: | UMB Bank, n.a. |
| Title 32 qual.: | Issued to financial institutions or institutional investors |
| Title 11 exemption: | \$500,000 denominations |