

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2
LIMITED TAX GENERAL OBLIGATION CONVERTIBLE CAPITAL APPRECIATION BONDS, SERIES 2021A⁽³⁾

Draft Term Sheet
(as of February 9, 2021)

FOR DISTRICT USE ONLY
PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS

Delivery Date: April 15, 2021

Sources:

Par Amount: \$8,595,846 (estimated)
Net Discount: (\$ 1,384) (estimated)

Uses:

Project Fund: \$7,312,961 (estimated)
Deposit to Reserve Fund: \$ 859,585 (estimated)
Cost of Issuance: \$ 421,917 (estimated)

Structure:

Final Maturity: December 1, 2051 (estimated)

Interest Rate: 5.25% (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, Non-BQ

Optional Redemption: Estimated 6/1/2026 at \$103 premium declining (actual redemption provisions determined at pricing)

Credit Rating: Non-Rated

Senior Pledged Revenue: Pledged Revenue consists of (i) revenues produced from the required debt service mill levy of 9 mills, as adjusted for changes occurring after January 1, 2017 (currently 10.019 mills or the "Required Mill Levy") and (ii) specific ownership taxes generated from the Required Mill Levy. The bonds will discharge on December 15, 2061.

Surplus Fund: The District shall be required to levy the required levy (subject to future adjustments) until the Surplus Fund is full. To the extent pledged revenue 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, subject to future adjustments, is insufficient to cover current debt service.

Additional Debt:	Additional debt is allowed with majority bondholder consent. Allowed without bond holder consent when the District's total debt to assessed ratio is at or below 50% or for a refunding of this 2021 debt such that the 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 and that the senior bonds and the subordinate bonds are in compliance with the parameters for issuance under any existing subordinate bond documents.
Events of Default:	It is not an event of default if the District fails to pay interest and principal, but has imposed and remitted the Required Mill Levy. Failure to impose and/or remit the Required Mill Levy is an event of default.
Trustee:	UMB Bank, n.a.
Title 32 qual.:	Issued to financial institutions or institutional investors
Title 11 exemption:	\$500,000 denominations

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2
SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2021B₍₃₎

Draft Term Sheet

Delivery Date:	Same as 2021A ₍₃₎
Sources:	
Par Amount:	\$1,040,000 (estimated)
Uses:	
Project Fund:	\$1,008,800 (estimated)
Costs of Issuance:	\$ 31,200 (estimated)
Structure:	
Final Maturity:	December 15, 2051 (estimated)
Interest Rate:	8.75% (estimated as of the current market)
Payment Dates:	Principal and interest payments annually on December 15
Tax Status:	Tax-exempt, Non-AMT
Optional Redemption:	Estimated 6/1/2026 at \$103 premium declining (actual redemption provisions determined at pricing)
Credit Rating:	Non-Rated
Subordinate Pledged Revenue:	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. The bonds will discharge on December 15, 2061.
Additional Subordinate Debt:	Senior debt allowed without subordinate bondholder consent only for refunding the senior debt and subject to the condition that the refunding bond debt service is lower in every year than the refunded bond debt service and that the reserve and surplus fund for such refunding bonds be limited to 10% of par. Additional subordinate debt allowed with 100% subordinate bondholder consent.
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

