

Banning Lewis Ranch Metropolitan District No. 2
Draft Term Sheet
Series 2016 Unlimited General Obligation Refunding Bonds
\$10,780,000 Par Amount (approximate)
(as of September 8, 2016)

FOR DISTRICT USE ONLY
PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS

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| Delivery Date: | December 1, 2016 (estimate) |
| Par Amount: | \$10,780,000 (estimate) |
| Refunding 2014 Sub. Bonds: | \$2,975,000 (estimate) |
| Refunding Escrow Deposits (Cash): | \$8,180,400 (estimate) |
| Debt Service Reserve Fund: | \$333,000 (estimate) |
| Cost of Issuance: | \$300,000 (estimate) |
| Final Maturity: | December 1, 2046 |
| Interest Rate: | 3.3% (true interest cost), 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 |
| Rating: | BBB (expected) |
| Surplus Fund: | None and no required mill levy (the model shows a target mill levy and surplus fund, but this was just for illustrative purposes, the documents should not show either, see below the Pledged Revenues) |
| Pledged Revenue: | Unlimited General Obligation pledge of revenue (S.O. tax is modeled as funding debt service) |
| Additional Debt: | Additional parity bonds may be issued without bondholder consent if the combined senior debt to assessed ratio is at or below 50%. |

Subordinate Debt: Subordinate bonds may be issued without bondholder consent provided that they pay debt service annually only after all payment on senior bonds, that the district is current on senior debt service 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