

April 3, 2023

Larry Koenig, Assistant City Administrator
City of Jackson, MO
101 Court Street
Jackson, MO 63755

Reference: Up to \$3,500,000 Bank Qualified Tax-Exempt Loan

Dear Mr. Koenig,

Regions Equipment Finance Corporation (the “Lender”) is pleased to furnish this Term Sheet (this “Term Sheet”) to the City of Jackson, MO (the “Borrower”) for up to a \$3,500,000 Tax Exempt, Bank Qualified Loan (the “Loan”) for the purposes set forth below.

This Term Sheet contains an outline of suggested terms only, and it does not represent a commitment by the Lender or create any obligation whatsoever on the Lender’s part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate lending authorities within Regions Equipment Finance Corporation.

Below you will find the proposed set of terms and conditions associated with this Term Sheet:

Borrower: City of Jackson, MO

Lender: Regions Equipment Finance Corporation

Role of Lender: The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Term Sheet and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Term Sheet, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Borrower has been informed that the Borrower should discuss this Term Sheet and any such other information, materials or communications with any and all internal and external advisors and experts that the Borrower deems appropriate before acting on this Term Sheet or any such other information, materials or communications.

Privately Negotiated Loan: The Borrower acknowledges and agrees that the Lender is purchasing the Debt Instrument (as hereinafter defined) in evidence of the Loan and in that connection the Debt Instrument shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

Purpose: The proceeds of the Loan will be used to fund water main extensions and water plant improvements.

Loan Amount: Up to \$3,500,000

Structure: The Loan is a Bank Qualified Tax-Exempt Loan which will be evidenced by a promissory note, bond or other debt instrument (the "Debt Instrument" or the "Bonds"). To be on parity with the Series 2016 and Series 2019 Combined Waterworks and Sewerage System (the "System") Revenue Bonds.

Interest Rate: The Loan is a Tax-Exempt, Bank Qualified Loan.

The Loan will bear interest at a fixed rate per annum of 3.64% through the maturity date of July 1, 2038.

The aforementioned rate will automatically terminate unless: (i) this Term Sheet is accepted by execution of Exhibit B by the Borrower and provided to the Lender no later than close of business on April 3, 2023, and (ii) the Loan closes on or before May 2, 2023. In the event the foregoing conditions are not satisfied the rate is subject to change in the Lender's sole discretion, based on market conditions at the time the Loan is closed.

Should the Borrower require additional time to determine the winning bid, the Lender may consider extending the timeline upon request.

Repayment: Interest will be payable semi-annually (calculated on the basis of a 30 day month and a 360 day year) on each January 1 and July 1 during the term of the Loan, commencing January 1, 2024. Annual principal payments will be payable July 1 during the term of the Loan, commencing July 1, 2024. Graduated principal payments due as set forth in Exhibit A. All payments are due on the same calendar day of the month.

Maturity Date: July 1, 2038. Maturity date must fall on a payment due date.

Prepayment: The Borrower may not prepay any part of the principal balance until July 1, 2031. On and after July 1, 2031, the Borrower may prepay all or any part of the principal balance of the Loan, on not less than 10 days' written notice to the Lender, with no penalty. The Borrower's notice of its intent to prepay shall be irrevocable. The Borrower agrees that its payment shall not in any way reduce, affect, or impair any other obligation of the Borrower under the Loan. All partial prepayments of principal shall be applied in the inverse order of maturities or sinking fund redemption date, as applicable.

The Lender is willing to provide additional prepayment options upon request.

Other Fees, Costs and Expenses: The Borrower will be responsible for all out-of-pocket fees, costs and expenses of the Lender (including, without limitation, counsel fees and expenses and costs associated with lien searches and recordation, if any) incurred in connection with the negotiation, execution, delivery, administration and enforcement of the documents evidencing the Loan (the "Loan Documents"). In consideration of the undertakings of the Lender hereunder, and recognizing that in connection herewith the Lender will be incurring such fees, costs and expenses, the Borrower agrees to reimburse the Lender for all such fees, costs and expenses, regardless of whether, or to what extent, any of the transactions contemplated hereby are consummated. Lender's Counsel fees for the Loan are not to exceed \$4,000 assuming the Borrower's Bond Counsel will prepare the Loan Documents.

Security: The Loan will constitute a special obligation of the Borrower payable solely from, and secured by, the net income and revenues derived by the Borrower from the operation of the System, after payment of expenses of operation and maintenance of the System.

Determination of Taxability: Upon the occurrence of a Determination of Taxability of the Loan, the Borrower agrees: (i) the rate of interest on the Loan will be increased to a rate providing an after-tax yield on the then outstanding principal amount of the Loan at least equal to the after-tax yield the Lender could have received if a Determination of Taxability had not occurred (the "Taxable Rate"); (ii) to pay to the Lender on demand an amount equal to the difference between (1) the amount of interest that would have been paid to the Lender from the date of the closing of the Loan to and including the date of the Determination of Taxability, had the Loan borne interest at the Taxable Rate during such period, and (2) the amount of interest actually paid to the Lender during such period, and (iii) to pay to the Lender on demand, any interest, penalties or charges owed by the Lender as a result of interest on the Loan becoming included in the gross income of the Lender, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Lender in connection therewith.

Representations and Warranties: Usual and customary for this type of financing.

Covenants: Usual and customary for this type of financing, including but not limited to the following:

- (1) The Borrower shall deliver to the Lender, in form and substance satisfactory to the Lender, audited financial statements within 210 days after the end of each of the Borrower's fiscal years.
 - (2) The Borrower shall maintain rates such that DSCR does not fall below 1.10x.
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Defaults: Usual and customary for this type of financing, including but not limited to the following.

- (1) The Borrower fails to pay when due any fee or expense payable under the Loan Documents; and
 - (2) Default shall be made by the Borrower in performance or observance of any of the other covenants, agreements or conditions on its part in the Loan Documents, and such default shall continue for a period of 30 days after written notice thereof to the Borrower by the Lender.
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Remedies: The Lender shall have all of the rights and remedies set forth in the Loan Documents, and available at law and in equity, for the enforcement thereof.

Legal Opinions: As an additional condition precedent to the Lender making the Loan, the Borrower shall provide, among other things, the following opinions to the Lender:

An opinion of bond counsel in form and substance satisfactory to the Lender and its counsel in all respects, which shall include opinions to the effect that (a) the Borrower has the authority under the laws of the State of Missouri to issue the Debt Instrument and execute and deliver the Loan Documents, (b) that the Debt Instrument has been duly issued and the Debt Instrument and the other Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower, (c) that the Debt Instrument and the other Loan Documents to which the Borrower is a party are valid and binding obligations of the Borrower, duly enforceable in accordance with their terms, and that the Bonds are payable from, and secured by, the net income and revenues derived by the Borrower from the operation of the System, after payment of expenses of operation and maintenance of the System on a parity with the Series 2016 and Series 2019 Combined Waterworks and Sewerage System Revenue Bonds, (d) that interest on the Debt Instrument is excludable from gross income of the holders thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and exempt from income taxation by the State of Missouri, (e) the Debt Instrument is a valid and legally binding general obligation of the Borrower payable as to both principal and interest from ad valorem taxes which may be levied, without limit as to rate or amount, upon all the taxable tangible property, real and personal, within the territorial limits of the Borrower, and (f) the Bonds are "qualified tax-exempt" obligations within the meaning of Section 265(b)(3) of the Code.

Transfer Provisions: The Lender shall maintain the right to transfer and/or assign, in whole or in part, its rights hereunder, the Debt Instrument and/or the Loan, or, in either case, any interest therein, to any person or entity in its sole and absolute discretion. The Borrower may not assign its rights hereunder or under any of the Loan Documents to any person without the prior written consent of the Lender.

Disclaimer: This Term Sheet describes some of the basic terms and conditions proposed to be included in the documents between the Lender and the Borrower. This Term Sheet does not purport to summarize all the conditions, covenants, representations, warranties, assignments, events of default, cross default, acceleration events, remedies or other provisions that may be contained in documents required to consummate this financing.

US Patriot Act: The Borrower represents and warrants to the Lender that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Borrower further represents and warrants to the Lender that the Borrower and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

Loan vs. Security: The Lender will acquire the Bonds as evidence of the Loan. In accordance therewith the Lender will want the closing documents and the Loan Documents to reflect that the Lender is acting as a lender and not an investor and accordingly, the Lender may request certain changes to make sure the closing documentation is consistent herewith.

Confidentiality: The Borrower acknowledges and agrees that this Term Sheet and the information set forth herein is confidential and proprietary, and further agrees to keep this Term Sheet and the information set forth herein **CONFIDENTIAL**. The Borrower shall not disclose this Term Sheet or any of its material terms to anyone, without the prior written consent of the Lender in each instance, except as such disclosure is required by law or regulation or as a result of any legal or administrative procedure.

Waiver of Jury Trial: To the extent permitted by applicable law, each of the Borrower and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Borrower and the Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim that arises out of or relates to this Term Sheet, the Debt Instrument or any of the other Loan Documents. This provision is a material inducement for the Lender's determination to make the Loan and for the parties to enter into the Loan Documents.

Governing Law: State of Missouri

Thank you for providing the Lender with this opportunity to be involved in a financial partnership with the Borrower. The Lender is willing to discuss the terms reflected herein through 5:00pm CT on April 3, 2023. After such date, terms, conditions and pricing may change based on prevailing market conditions and further discussion will be at Lender's sole discretion. We are grateful for your consideration and remain available to promptly respond to any questions that you may have regarding this document. We look forward to hearing from you.

EXHIBIT A

Principal
Repayment
Schedule

Date	Principal
7/1/2024	\$160,000
7/1/2025	180,000
7/1/2026	190,000
7/1/2027	195,000
7/1/2028	205,000
7/1/2029	210,000
7/1/2030	220,000
7/1/2031	230,000
7/1/2032	240,000
7/1/2033	250,000
7/1/2034	260,000
7/1/2035	270,000
7/1/2036	285,000
7/1/2037	295,000
7/1/2038	310,000
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Total	\$3,500,000

EXHIBIT B

In the event Borrower requests Lender to move forward with the approval process after discussion of the aforementioned terms and conditions contained in the Term Sheet, Borrower agrees to reimburse Lender on demand for all out of pocket expenses incurred by Lender if the transaction fails to close for any reason other than Lender's decision not to approve the transaction. Such expenses shall include, but not be limited to, legal expenses incurred by Lender.

ACCEPTANCE:

Borrower does hereby agree to all provisions contained in Exhibit B.

City of Jackson, Missouri

Borrower Signature:

By: _____

Name: _____

Title: _____