



**Summary of Preliminary Terms and Conditions (“Term Sheet”)
Installment Purchase Agreement - Amendment**

Mission Springs Water District

Date: December 3, 2024

TRANSACTION SUMMARY:

Issuer:	Mission Springs Water District (the “Issuer”).
Issue:	Amendment to existing Installment Purchase Agreement dated January 1, 2023 (the “Facility”).
Par Amount:	No change - \$15,000,000.
Purpose:	Interim funding of costs incurred in connection with the construction of the West Valley Water Reclamation Facility (“WVWRF”).
Bank:	Wells Fargo Bank, National Association (“Wells Fargo” or the “Bank”).
Maturity:	1/24/2026 Extension for one year from original maturity of 1/24/2025
Repayment:	Same as existing Facility - Monthly interest only payments with a final balloon payment equal to the remaining principal plus accrued interest due at Maturity.
Tax Treatment:	Interest on the Facility shall be excludable from gross income for federal income tax purposes. The Issuer shall take all steps necessary to maintain such tax-exempt status. The Bank shall be provided an opinion of tax counsel satisfactory to the Bank and its counsel which concludes that interest on the Facility is excludable from gross income for federal income tax purposes.
Security:	No Change - The Facility is secured by a pledge of net revenues of the Issuer’s sewer system and reimbursements from the State Water Resources Control Board. The Issuer’s obligations under the Facility are on parity with any future obligations secured by net revenues of the sewer system.

FACILITY FEES AND INTEREST RATES:**Interest Rate:**

The Facility will bear interest at a fixed rate equal to one of the options as shown below (the “Fixed Rate”) *:

The Facility shall bear interest at a fixed rate of 4.16% (Make Whole Call).

*See “**Optional Redemption**” below.

Please note that the above is an indicative rate only, as of December 3, 2024 market close. The actual Fixed Rate shall be determined one week prior to closing.

Computation of interest shall be calculated on the basis of a 360-day year and 30 days per month.

Optional Redemption

The Facility is subject to optional redemption, in whole or in part, at any time at a “make-whole” price.

DOCUMENTATION AND COVENANTS:**General:**

Financing Documents will include an amendment to the Facility. The amendment and any related documents are herein collectively referred to as the “Financing Documents”.

Conditions Precedent to Closing:

The amendment will include conditions to closing that would be usual and customary for this type of financing including without limitation.

Representations and Warranties:

Usual and customary as reflected in the existing Facility.

Financial Covenants:

No change to existing Facility.

Other Covenants:

No change to existing Facility.

Reporting Requirements:

No change to existing Facility. Audited annual financial statements and certificate of no default within 270 days of fiscal year-end. delivery of annual budget within 60 days of fiscal year end, and notices of default and material litigation proceedings.

EVENTS OF DEFAULT AND REMEDIES:

Events of Default: No change to existing Facility.

**Remedies Upon Event
Of Default:** No change to existing Facility.

OTHER FEES AND EXPENSES:

Other Fees: Usual and customary for this type of financing, including bank counsel fees, and amendment fees.

Bank Counsel: Estimated at \$6,500 plus fees and expenses, subject to increase if the transaction is not closed by January 24, 2025, if the security or structure of the transaction changes materially, If Bank Counsel is responsible for delivering the tax opinion, or if other complexities develop.

**Other Fees and
Expenses:** Issuer shall be responsible for all out-of-pocket costs and expenses of the Bank incurred in connection with the negotiation, execution, delivery, administration and enforcement of the Facility, including, without limitation, the legal fees and expenses of counsel to the Bank, whether or not the Facility closes.

Taxability: No change to existing Facility.

GOVERNING LAW / JURY TRIAL:

Governing Law: This term sheet, and the Financing Documents, and any other documents to which the Bank shall become a party will be governed by the laws of the State of California.

Jury Trial: To the extent permitted by law, the Issuer agrees to binding arbitration and to waive a jury trial in any proceeding involving the Bank and in the event such waiver of jury trial is unenforceable, judicial reference is provided in California Code of Civil Procedure Section 638.

MISCELLANEOUS:

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**Bank Counsel
Contacts:**

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Indemnification:

Whether or not the financing is closed, Obligor will indemnify the Bank and its respective directors, officers, employees, agents and affiliates against all claims asserted and losses, liabilities and expenses incurred in connection with the Financing Documents (excluding acts of gross negligence or willful misconduct of an indemnified party as determined by a court of competent jurisdiction).

EMMA Filing:

Any filings of Financing Documents with the MSRB's EMMA site following the closing of the transaction shall not include sensitive or confidential information regarding the Bank.

Confidentiality:

This Term Sheet is confidential and proprietary, and terms herein may not be disclosed without our prior written consent, except to your professional advisors in connection with this Financing who agree to be bound by such confidentiality requirements, or as may be required by law.

Closing:

This expression of interest is not intended to be, and should not be construed as, a commitment to enter into a transaction, nor should it be construed as an attempt to establish all of the terms and conditions relating to such proposed transaction. It is intended only to be indicative of how the operative documents might be structured, and not to preclude negotiations over these or any other terms and conditions. The availability of the proposed transaction and the related indicative pricing and terms may be impacted due to changes or disruptions in the markets and /or governmental, regulatory or supervisory events or conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Issuer and Bank.

Unless this term sheet is earlier rescinded, it shall expire automatically without further action or notice by the Bank 30 days from the date hereof.

Disclaimer:

Please be advised that the transaction described herein between Wells Fargo and you is a bank-purchased bond transaction (the “Direct Purchase”) and a product offering of the Bank, as purchaser/investor. Wells Fargo Securities will not participate in any manner in the Direct Purchase between you and the Bank, and Wells Fargo employees involved with the Direct Purchase are not acting on behalf of or as representatives of Wells Fargo Securities. The Bank would be acting solely as a principal to purchase securities from you or a conduit issuer (in the case of a conduit transaction), and not as a municipal advisor, financial advisor or fiduciary to you or any other person or entity regardless of whether the Bank, or an affiliate has or is currently acting as such in a separate transaction. Any information relating to the Direct Purchase is being provided to you pursuant to and in reliance on the bank exemption and RFP exemption under the municipal advisor rules (“Muni Advisor Rules”) of the Securities and Exchange Commission (“SEC”) or the SEC’s guidance in its Registration of Municipal Advisors Frequently Asked Questions dated May 19, 2014 and the general information exclusion to advice under the Muni Advisor Rules. The Bank will not have any duty or liability to any person or entity in connection with the information provided herein.