



February 2, 2024

Jeff Land
Jeffrey.Land@opco.com

Subject: City of Selma, California
 Lease Purchase Agreement (the “Loan”)

Dear Jeff:

This Term Sheet is presented in connection with our discussions regarding the above-referenced potential Loan transaction. Capital One Public Funding, LLC (“COPF”) is very interested in working with City of Selma, California (“Borrower”) and are pleased to present the following summary terms:

Structure	Ground lease/leaseback transaction among Borrower (as ground lessor under the ground lease and lessee under the lease), a third-party nonprofit (as ground lessee and lessor under the lease), and COPF (as assignee).
Estimated Amount	Phase 1: \$8,000,000
Use of Proceeds	Installation of trunk lines.
Security Provisions / Repayment Sources	Standard California abatement lease on real property acceptable to COPF.
Loan Rate*	4.93%
Payments	Payments of principal due annually and interest due semi-annually. The Loan will be payable in installments on the dates and in the amounts set forth on the payment schedule identifying payment dates, principal, interest and total payment due, which shall be attached to the loan.
Avg Life / Final	Approximately level annual debt service; final maturity 25 years.
Call Provisions	Callable in whole beginning in year 8 at 102%, then in year 9 at 101%, then in year 10 and thereafter at par on any date with 30 days notice. <i>Partial prepayment at par at any time is permitted</i> as noted below.**
Tax Status	Tax-exempt
Real Estate Requirements	<p>COPF shall require:</p> <ul style="list-style-type: none"> ● standard representations from the Borrower regarding the absence of any adverse environmental conditions; and ● a title search indicating that free and clear title to the ground-leased property rests with the Borrower. <p>COPF shall not require an appraisal, Phase I, or survey. Title insurance (including a survey) shall only be required in the event of a title deficiency.</p>

*The Loan Rate is subject to change as described below.

**Partial prepayment is allowed throughout the life of the Loan with 30 days notice: (i) from proceeds other than refunding sources; (ii) not more than four times prior to maturity or prepayment in whole; (iii) up to a total of 40% of the original principal balance; (iv) at par plus accrued interest to date of redemption; and (iv) provided that any such prepayment is applied to outstanding Loan principal in inverse order of rental payment date.



Interest Rate Assumptions

The above-quoted interest rate is based upon the assumptions set forth above regarding average life and final maturity. Any changes from the assumptions may require an adjustment to the quoted rate. The rate may also be subject to change if the contemplated Loan is not closed by April 4, 2024. COPF shall lock the rate when the Borrower provides a final debt service schedule and firm closing date.

Documentation

Loan documentation shall be prepared by qualified bond counsel subject to review by COPF and its counsel. Borrower shall provide, at its expense, an opinion of legal counsel (acceptable to COPF) attesting to the legal, valid, and binding nature of the transaction and the tax-exempt nature of the interest component of the Loan payments. Upon selection of COPF, the Borrower shall provide COPF the draft authorizing document for its review and comment.

Costs of Issuance

The Borrower shall be responsible for normal borrower costs of issuance including a financial advisor, placement agent, CDIA fees and bond counsel. No fees will be due to COPF, which shall be responsible for the costs of its own legal review.

Phase 2

Assuming that this financing and the resulting project are successful, subsequent adequate and acceptable collateral are pledged and the Borrower's overall financial condition remains acceptable, COPF is also interested in financing Phase 2, potentially up to an additional \$8 million for a maximum exposure of \$16 million.

Audited Financial Statements

Upon request, as soon as available, the Borrower shall send COPF a copy of its audited financial statements as of the end of the fiscal year.

Municipal Advisor Rules

This term sheet is provided to the Borrower pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 seq.

Role of Capital One Public Funding, LLC

The Borrower acknowledges and agrees that: (i) the information contained in this term sheet is for discussion purposes only and sets forth certain proposed terms and conditions of an arm's-length commercial transaction between the Borrower and COPF and does not constitute advice, an opinion or a recommendation by COPF; (ii) the Borrower will make its own determination regarding whether to enter into the proposed transaction and the terms thereof, and will consult with and rely on the advice of its own financial, accounting, tax, legal and other advisors; (iii) COPF is acting solely for its own account in connection with the proposed transaction, and is not acting as a municipal advisor, financial advisor, agent or fiduciary to the Borrower or any other person or entity (including to any financial advisor or placement agent engaged by the Borrower) and the Borrower, its financial advisor and placement agent are free to retain the services of such advisors (including as it relates to structure, timing, terms and similar matters and compliance with legal requirements applicable to such parties) as it deems necessary or appropriate; (iv) COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (v) neither COPF nor any of its affiliates is acting as a broker, dealer, underwriter or placement agent with respect to the transactions contemplated hereby; (vi) the only obligations COPF has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (vii) COPF is not recommending that the Borrower take an action with respect to the transaction contemplated by this term sheet. Before taking any action with respect to the Loan, the Borrower should discuss the information contained herein with the Borrower's own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the Borrower would like a municipal advisor in this



transaction that has legal fiduciary duties to it, Borrower is free to engage a municipal advisor to serve in that capacity.

Other Information

To the extent that updated financial and other credit materials have not already been provided to COPF or are not available through public resources, COPF may require and request reasonable and customary information relevant to the Borrower's credit quality and the source(s) of repayment.

Confidentiality

The information contained herein is strictly confidential and is intended for review by the parties, their advisors and legal counsel only and may not be disclosed to any other person or entity, except as required by law or otherwise consented to by COPF.

Closing

This term sheet shall expire if not accepted by the Borrower by February 6, 2024. Once accepted, this term sheet shall expire if the transaction has not closed by April 4, 2024, unless extended by COPF at its sole discretion.

Subject to Final Credit and Documentation Approval

This is not a commitment; rather, the funding of the Loan will occur only after, among other things, (i) COPF's final internal committee approval, and (ii) COPF and the Borrower, and their respective counsels, are fully satisfied with the terms of the Loan documents and all of the terms and conditions contained herein and in the Loan documents have been met. Any obligation of COPF to provide financing or otherwise shall arise only upon the execution of final Loan documents signed by authorized signatories of COPF and not from statements (oral or written) made during the course of discussions among the parties (whether or not prior to or after the date hereof).

Should the above-stated terms be acceptable to you, a formal decision through COPF's internal credit process will be pursued as quickly as possible.

Thank you for the opportunity to offer this term sheet. Should you have any questions, please do not hesitate to contact me at (505) 400-0860 or jeffrey.sharp@capitalone.com.

Sincerely,

Jeffrey D. Sharp
Senior Vice President / Director of Business Development
Capital One Public Funding, LLC

cc: Jonathan Lewis, Capital One Public Funding, LLC
Brenda Barnes, Capital One Public Funding, LLC

ACCEPTED BY: City of Selma, California

By

Name

Title