



Linn-Mar Community School District, Iowa
\$15,000,000 Tax-Exempt Direct Placement
School Infrastructure Sales, Service & Use Tax Revenue Bonds, Series 2020
Summary of Terms and Conditions
April 6, 2020

This Financing proposal is provided for discussion purposes only and does not represent a commitment from Key Government Finance, Inc. (“KGF”). This proposal and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower’s officers, directors, employees and advisors charged with reviewing and/or implementing the transactions contemplated hereby) without KGF’s consent. This proposal is intended as an outline of certain material terms of the Facility and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

Key Government Finance, Inc., (“Lender”) is pleased to provide the following term sheet for a tax-exempt direct purchase financing structure to the Linn-Mar Community School District, Iowa.

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|-------------------------------|--|
| Lender: | Key Government Finance, Inc. (“Lender”). |
| Borrower/Issuer: | Linn-Mar Community School District, Iowa (the “District”). |
| Facility: | Tax-Exempt Direct Purchase of School Infrastructure Sales, Service & Use Tax Revenue Bonds, Series 2020 by the Lender (the “Bonds”). |
| Amount: | \$15,000,000. The full amount of the Bonds shall be advanced at closing. |
| Use of Proceeds: | Proceeds of the 2020 Bonds will be used for ongoing renovations to buildings throughout the District campus, including but not limited to the completion of two new intermediate school buildings (funded primarily with the proceeds of \$55,000,000 in GO Bonds previously issued), land acquisition for future development, etc. Proceeds may also be used for improvements to various attributes of campus & building safety and security. |
| Tax Status: | An opinion will be required from Bond Counsel that the Bonds are exempt from federal income taxation. The cost for the tax opinion will be paid for by the Borrower. |
| Amortization and Term: | 169 months, fully amortizing. Final maturity of the Bonds will be July 1, 2034 (“Final Maturity”). KGF will purchase the tax-exempt Bonds through Final Maturity. |
| Repayment: | Principal payments to be paid on an annual basis beginning July 1, 2021 through Final Maturity. Interest payments to be paid on a semi-annual basis beginning January 1, 2020 through Final Maturity. Any amortization that differs from the debt service schedule in the RFP and increases the average life of the financing for the option below, may result in an adjustment to the interest rate provided. |
| Interest Rate: | Based on market conditions as of April 6, 2020, the tax-exempt interest rate is 2.36%. This interest rate needs to be accepted by the Borrower no later than April 13, 2020 and would be valid for closing on or before the anticipated closing date. |

Interest Day Count: 30/360

Origination Fee: 0 basis points (0.0%).

Costs of Issuance: Borrower will be responsible for all costs related to this financing including but not limited to Bond, Issuer's, Trustee's, Borrower's and Lender's Counsel fees. Financing costs can be included in the borrowing amount. Final costs will be based on actual fees for services rendered by providers. Lender anticipates using Kutak Rock LLP as Lenders Counsel for this transaction. The cost for Lenders Counsel is estimated to be \$6,000 plus disbursements. The cost for Lenders Counsel will be paid by the Borrower.

Prepayment: The Facility may be prepaid in whole, but not in part, subject to a prepayment premium calculated on the outstanding principal balance at the time of the termination as follows:

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|----------------------|-------|
| Months 1 – 12 | 2.00% |
| Month 13 to maturity | 0.00% |

Collateral: The Bonds are paid from the \$0.01 school infrastructure sales tax (the "SAVE Tax"). The SAVE tax expires January 1, 2051, unless extended by an act of the Legislature.

Financial Reporting: Borrower shall provide to the Lender:

1. Annual audited financial statements within 270 days of Borrower's fiscal year end.
2. Covenant Compliance Certificate certified by the Financial Officer of the Borrower, to accompany annual statements.
3. Other financial reports as Lender may reasonably request.

Financial Covenants: **Additional Debt Covenant:** No Bonds with a lien senior to this issue may be issued. No parity lien obligations secured by the Tax may be issued without coverage, as certified by an independent FA or CPA, of 1.2x - calculated based on historical maximum annual debt service (MADS).

Any amendment, modification and/or waiver will require the consent in writing by the Lender.

Debt Service Reserve: None.

Documents: All documents shall be attorney prepared and in form and substance acceptable to the Lender and its legal counsel.

Conditions Precedent to Closing: Borrower's obligation will be subject to such terms and conditions that Lender may require with respect to this transaction, or as are customarily required with respect to similar credits and as set forth in the Facility documents. Without limitation, such terms and conditions shall include:

1. Absence of Default.
2. Accuracy of Representations and Warranties.
3. Negotiation and Execution of satisfactory closing documents.
4. Absence of material adverse change in financial condition of Borrower during the period from the date hereof to the Closing Date.

Ongoing Disclosure: Annual Continuing Disclosure containing the following information for at least the most recent five (5) year period:

1. Amount of the Statewide Receipts of the School Infrastructure Sales, Services & Use Tax
2. Statewide Enrollment
3. Average Revenue Per Student
4. District Enrollment
5. Amounts pledged to the Bonds
6. The Debt Service Coverage ratio on the Bonds

Event of Taxability and Gross-Up: 2.99%

Other: The Lender will make a loan by purchasing the Bonds under the following additional conditions: (i) the Bonds are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the Bonds as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Bonds; (iv) no final Official Statement has been prepared in connection with the private placement of the Bonds; (v) the Bonds will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Bonds are not listed on any stock or other securities exchange.

Anticipated Closing Date: May 5, 2020

Proposal Acceptance/Expiration

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. **IT IS NOT A COMMITMENT BY US TO ENGAGE IN THIS TRANSACTION.**

Key Government Finance ("KGF") is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (b) KGF is acting for its own interests; and (c) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

Key Government Finance, Inc. (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Key Government Finance, Inc., is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Lender notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, as amended and supplemented) (the "Patriot Act"), that Lender is required to obtain, verify and record all information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Patriot Act.

Lender acknowledges that, in connection with Borrower's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), Borrower may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an "EMMA Notice"). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower's compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire in ten (10) business days if we have not received an authorized signed copy on or before such date.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 720-904-4037.

Sincerely,



Kristen M. Sundin, Vice President
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Mountain and Plains Regional Manager
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Direct: 720.904.4037
Mobile: 720.219.6918
Kristen.Sundin@Key.com

APPROVED THIS ____ DAY OF _____, 2020

Linn-Mar Community School District, Iowa

By: _____

Print Name: _____

Title: _____