



ZIONS BANK PUBLIC FINANCE

WATERFORD SCHOOL (Science Building Project)

Preliminary Term Sheet and Conduit Process

1. Borrower: Waterford School (the “School”). A liberal arts, college-prep school educating preschool to 12th grade students and whose mission is to stimulate intellect, ignite passion, and shape character.
2. Student Enrollment: Approximately 1,025.
3. Proposed Issuer: Sandy City, Utah (the “City”).
4. Purchaser: Zions Bancorporation, National Association or one of its affiliates (“Zions”).
5. Bond Counsel: Gilmore and Bell; Randy Larsen.
6. Bond Purpose: Provide a portion of the funds necessary to construct a new science building for students at the School (the “Project”) and refinance about \$3 million of existing bonds.
7. Project location: School campus located at 1480 East 9400 South on approximately 41 acres of land.
8. Estimated par amount: Approximately \$25,000,000.
9. Bond term: After construction phase, 15 to 20 years with a 25-year amortization and balloon payment in the final maturity.
10. Bond interest rate: Construction phase loan may be variable and indexed to a public index with interest accruing on portion of bonds drawn for construction. Term loan fixed rate.
11. Tax exemption: Yes. As an IRS designated 501(c)(3), the School qualifies for tax exempt financing if it issues bonds through a governmental entity such as the City.
12. Anticipated close: Prior to March 1, 2022.
13. Incremental advances: It is anticipated that the Bonds will be structured as incremental advance bonds allowing for draws during the construction of the Project. Interest accrues on advances from the date of the advance until the final maturity.
14. Interest payment frequency: Semi-annually but could be monthly based on loan terms.

15. Principal payment frequency: Annually but could be made monthly based on loan terms.
16. Bond security:
 - a. At all times the Bonds will be secured by a first position deed against the School's property.
 - b. Insurance policy against the Project.

NOTE: At no time will the City be asked to provide its revenues or other assets as security for the Bonds or loan.

17. Debt Service Reserve Fund: Not required.
18. Trustee: May not be required.
19. Ratings: Not required.
20. Other terms and conditions: Standard for this type of transaction.

The terms and conditions presented herein are preliminary, subject to change, and not intended to be exhaustive. These terms and conditions are meant to provide a basis for the School to open discussions regarding the conduit issuance by the City for the School. Purchase of the Bonds is subject to final credit and legal approval.

Steps in the Conduit Process:

- City finance team reviews School request.
- If approved by the City, Bond Counsel distributes draft of the Inducement Resolution for review.
- City Council meeting to consider adoption of the Inducement Resolution.
 - Declares reimbursement intent for the School
 - Authorizes notice to be published in newspaper for TEFRA public hearing (Tax Equity and Fiscal Responsibility Act)
 - Authorizes Notice of Bonds to be Issued in newspaper
- Bond Counsel publishes Notice of Bonds to be Issued and TEFRA Hearing (Triggers 30-day contest period) and City posts to public notice website.
- City Council to hold TEFRA public hearing.
- Following the TEFRA public hearing (same public meeting or at a later date), City Council to consider adoption of the Authorizing Bond Resolution, which:
 - Approves the sale of the Bonds based on substantially final loan terms and conditions
 - Authorizes the Indenture of Trust and Pledge, if required
 - Authorizes the Loan Agreement based on substantially final loan terms and conditions

- Authorizes security documents like deed of trust, UCC fixture filings, assignment of rents, or other such documents as required.
- Purchaser finalizes loan terms and conditions for inclusion in the final Loan Agreement and Indenture of Trust and Pledge, if required.
- Bond closing wherein funds are available to be drawn for construction and pay costs of issuance.

As a conduit financing and after the bond are issued, the City is not responsible for any continuing obligation. Repayment of the bonds, security features, arbitrage compliance, disclosure requirements, financial reporting or otherwise will be the responsibility of the School and Zions.

In the event some bond covenant or other term or condition needs to be adjusted in the original bond documents, it may be necessary to receive City Council approval to amend the original documents and this could be discussed with Bond Counsel and possibly be authorized by them to be approved by staff.