

City of Killeen, Texas
\$5,000,000* Limited Tax Note, Series 2022



Term Sheet Dated October 26, 2022

Bids Due No Later Than Monday, November 14, 2022 at 2:00 PM Central

Borrower:	City of Killeen, Texas (the "City")
Amount:	Approximately \$5,000,000* of the City's Limited Tax Note, Series 2022 (the "Note")
Purpose:	Proceeds from the sale of the Note will be used for the purpose of (i) acquisition and installation of public safety vehicles and equipment, to include three pumper trucks, an aerial ladder truck and an ambulance for the City's Fire Department, and (ii) paying related professional services including construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to the issuance of the Note.
Tax-Status:	Interest on the Note will be excludable from gross income for federal income tax purposes under existing law. The City will NOT designate the Note as a "Qualified Tax-Exempt Obligation" for financial institutions.
Security:	Payable from the levy and collection of a continuing direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City as provided in the ordinance to be adopted by the City Council on the Award Date which will authorize the Note (the "Ordinance").
Amortization:	Annual payments of principal installments on August 1 of each year beginning 2023 through 2029, inclusive. See the attached BID FORM. The City reserves the right to modify the principal installment amounts shown on the BID FORM to ensure desired debt service payments upon receipt of the proposed interest rate(s).
Payment of Interest:	Interest on the Note will accrue from the date of initial delivery of the Note, will be payable February 1 and August 1 of each year commencing February 1, 2023 and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
Interest Rate:	Propose a tax-exempt, fixed rate or series of fixed rates for each principal installment that upon the verbal commitment from the City and/or the City's Financial Advisor will be honored by the proposer <u>through the Closing Date</u> .
Prepayment:	The Note is subject to optional redemption prior to its stated maturity beginning on August 1, 2027 or any date thereafter at par plus accrued interest to the redemption date. Bidders may bid alternative call provisions. The City would like to see alternative call provisions if it reduces interest expense/rate(s).
Award Date:	Tuesday, November 15, 2022, anticipated prior to 8:00 PM Central
Closing Date:	Anticipated to be Thursday, December 8, 2022, but subject to Texas Attorney General approval.

*Preliminary, subject to change.

Paying Agent: Please indicate your interest in serving as Paying Agent/Registrar (and any fees for this service); otherwise, the City will select the Paying Agent/Registrar for the Note.

Bond Ratings: None on this issue. The City's ad valorem tax supported debt is currently rated "AA-" by S&P Global Ratings and "AA" by Fitch Ratings without regard to credit enhancement.

Bond Insurance: None on this issue

Rule 15c2-12: The placement of the Note is exempt from SEC Rule 15c2-12; however, the City will agree to provide for the benefit of the purchaser of the Note the City's most current audited financial information upon written request.

No CUSIPS: The Note will **NOT** be assigned a CUSIP number.

Bond Counsel: McCall, Parkhurst & Horton L.L.P., Austin, Texas

Financial Advisor: Specialized Public Finance Inc., Austin, Texas

Placement Agent: FHN Financial, Austin, Texas

Disclosure of Interested Parties: Described hereinafter is an obligation of the City to receive information from a winning bidder if the bidder is not a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (a "Privately Held Bidder"). Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Note to a winning bidder which is a Privately Held Bidder unless such party submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Note is the best bid received, the City, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the City to complete the award. **The Disclosure Form must be received by the City prior to its formal acceptance of the winning bid.** Pursuant to the rules prescribed by the TEC, the Disclosure Form must be completed online through the TEC's website at <https://www.ethics.state.tx.us/tec/1295-Infor.htm>. Print, sign and deliver by email the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City (c/o the City's Financial Advisor, Specialized Public Finance, Inc., Attn: Dan Wegmiller, dan@spfmuni.com), along with the Certification of Filing generated by the TEC. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provide that the declaration is made "under penalty of perjury." **Consequently, a Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form.** Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Note until a completed Disclosure Form from a winning Privately Held Bidder is received. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending

to bid on the Note should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid.

Document/Covenant Provisions:

Please indicate any provisions, covenants or conditions being requested to include in the authorizing documents as part of this bid.

Conditions Precedent to Funding:

Executed documentation satisfactory to the City, Bond Counsel, the Financial Advisor, and the Purchaser including, but not limited to, the following:

Ordinance adopted and approved by the City which contains all relevant provisions governing the financing (rate, term, amortization, security, prepayment provisions, and all other conditions, warranties and covenants as are usual and customary for transactions of the same general type);

No Litigation Certificate and No Material Adverse Change Certification;

Purchase Letter executed by the Purchaser and agreed to and accepted by the City which will include the following representations:

The Note is being purchased for the Purchaser's own portfolio as evidence of a privately negotiated purchase and not with a present view to sell, reoffer, or otherwise dispose of the Note (or any portion of the Note or any interest in the Note) The Note will (i) not be registered under the 1933 Act and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) not be listed on any stock or other securities exchange, (iii) not carry a rating from any credit rating agency, and (iv) not be DTC eligible.

Anti-Boycott Verification. The Purchaser hereby represents that neither it, nor any parent company, wholly-or majority-owned subsidiary, and other affiliates of the same, if any, boycotts Israel or, to the extent this Letter is a contract for goods or services, will boycott Israel through the date of delivery of the Note. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "boycott Israel" mean refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Purchaser understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Purchaser and exists to make a profit.

Iran, Sudan and Foreign Terrorist Organizations. The Purchaser hereby represents that neither it, nor any parent company, wholly-or majority-owned subsidiary, and other affiliates of the same, if any, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

*<https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.*

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Purchaser and each parent company, wholly-or majority-owned subsidiaries, and other affiliates of the same, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Purchaser understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Purchaser and exists to make a profit.

The Purchaser hereby verifies that, at the time of execution and delivery of this letter, neither the Purchaser nor any syndicate member listed herein, nor any parent company, wholly-or majority-owned subsidiaries, and other affiliates of the same, if any,

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association, or*
- (2) will not discriminate through the date of delivery of the Note against a firearm entity or firearm trade association.*

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. The bidder and any syndicate member listed on the Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

The Purchaser hereby verifies that, at the time of execution and delivery of this letter, neither the Purchaser nor any syndicate member listed herein, nor any parent company, wholly-or majority-owned subsidiaries, and other affiliates of the same, if any, boycott energy companies or will boycott energy companies through the date of delivery of the Note. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal

law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The bidder and any syndicate member listed on the Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

The City, in its sole discretion, reserves the right to reject any bid by a bidder who is, or whose parent company, subsidiaries or any affiliate is, on a list maintained by the Texas Comptroller or has received a letter or other inquiry from a political subdivision, the Texas Comptroller, or the Texas Attorney General related to its inclusion on any list of financial companies boycotting energy companies or companies that have been found to have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association.

In addition, any Purchaser that has received notice from the Texas Comptroller of Public Accounts in connection with a review of their standing letter (or of an affiliate of such Purchaser) shall provide the City or Bond Counsel with written confirmation one day prior to Closing (or on the day of Closing upon request of the City or Bond Counsel) to the effect that it and/or its affiliate intends to timely comply with the Comptroller's request and that the applicable standing letter remains in effect and may be relied upon by the City.

Opinion of the Texas Attorney General as to validity of the financing under State Law and registration by the Comptroller of Public Accounts of Texas;

Opinion of Bond Counsel as to tax exempt status of interest on the Note;

Federal Tax Certificate and IRS Form 8038-G; and

Certificate of the Purchaser, relating to the purchase price of the Note, in the form required by the City's Bond Counsel.

<i>Please reply to Peter Lamar at peter.lamar@fhfinancial.com by Monday, November 14, 2022 no later than 2:00 PM CST.</i>

Attachments: 2021 and 2020 Audits and the City's Texas Municipal Advisory Report



BID FORM

CITY OF KILLEEN, TEXAS \$5,000,000* LIMITED TAX NOTE, SERIES 2022

BIDS DUE MONDAY, NOVEMBER 14, 2022 AT 2:00 PM CENTRAL

<i>Principal Payment Schedule</i>		
Payment Date	Principal Installment*	Interest Rate
8/1/2023	\$ 690,000	_____ %
8/1/2024	650,000	_____ %
8/1/2025	675,000	_____ %
8/1/2026	705,000	_____ %
8/1/2027	730,000	_____ %
8/1/2028	760,000	_____ %
8/1/2029	790,000	_____ %
Total	\$ 5,000,000	

*Preliminary, subject to change. The City reserves the right to modify the principal installment amounts shown above in order to ensure the desired debt service payments upon receipt of the proposed interest rate(s).

Bidders may, at their option, bid as with one interest rate or with interest rates for each principal installment.

Please indicate the call option on the Note, if any:

Please indicate any additional fees to be reimbursed by the City:

Please indicate if your firm will provide Paying Agent services and at what cost, if any:

The undersigned ☐ is/ ☐ is not (check appropriate box) a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity. If the undersigned is not a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity, the undersigned understands that upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed and sent by email to the City, c/o the City's Financial Advisor at dan@spfmuni.com, and the City's Bond Counsel at jbfowler@mphlegal.com. The undersigned understands that unless it is a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity, the failure to provide the certified Form 1295 will prohibit the City from providing final written award of the enclosed bid.

The undersigned hereby verifies that, at the time of execution and delivery of this bid, neither the undersigned nor any syndicate member listed on the Bid Form, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any, boycotts Israel or, to the extent this Bid Form is

a contract for goods or services, will boycott Israel through the date of delivery of the Note. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The bidder and any syndicate member listed on the Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

By submission of a bid, and as a condition of the award and delivery of the Note, the undersigned represents that, neither the undersigned nor any syndicate member listed on the Bid Form, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the undersigned or any syndicate member listed on the Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The undersigned and any syndicate member listed on the Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the undersigned and any syndicate member listed on the Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

To the extent the winning bid for the Note constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, (as added by Senate Bill 19, 87th Texas Legislature, Regular Session) as amended, the undersigned hereby verifies that, at the time of execution and delivery of this bid, the undersigned and any syndicate member listed on the Bid Form, and any parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any,

- (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association, or
- (2) will not discriminate through the date of delivery of the Note against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" (A) means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any

traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. The undersigned and any syndicate member listed on the Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the undersigned and any syndicate member listed on the Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

To the extent the winning bid for the Note constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the undersigned hereby verifies that, at the time of execution and delivery of this bid, neither the undersigned nor any syndicate member listed on the Bid Form, nor any parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any, boycott energy companies or will boycott energy companies through the date of delivery of the Note. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The undersigned and any syndicate member listed on the Bid Form understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the undersigned and any syndicate member listed on the Bid Form within the meaning of SEC Rule 405, 17. C.F.R. § 230.405, and exists to make a profit.

Respectfully submitted,

Purchaser

Authorized Representative

Phone Number

Signature