

Stephanie McQuade

From: Ben Lindstedt <BenLindstedt@tcbk.com>
Sent: Thursday, March 12, 2026 12:31 PM
To: Stephanie McQuade; David Zevely
Cc: Jessica Reynolds; Jagdeep Kainth; Vanessa Ryan
Subject: RE: Burney Water District Property Values

Good Afternoon David and Stephanie,

Thank you for allowing us the potential opportunity to provide financing support for the district's upcoming Water system Improvement Project. Please see below for an overview of indicative terms that we have compiled:

- Type: Grant Anticipation Note (Revolving)
- Commitment Amount: \$2,500,000
- Purpose: Provide interim financing for the District's Water System Improvement Project
- Maturity: Up to 36 Months
- Indicative Rate: 1-Month SOFR + 1.70% (Taxable) 5.38% as of today
 - Rate Floor: 4.00%
 - Interest Accrual: 30/360
- Origination Fee: \$0, waived due to banking relationship (Typically 0.25 bps of commitment amount)
- Unused Fee: \$0, waived due to full banking relationship (Typically 0.25 bps of commitment amount)
- Security: Pledge of State Grant Funding and a general fund obligation of the District (any other taxes, income, and revenues to the repayment of GANs)
- Documents: All loan documentation to be prepared by Bank outside counsel - R. Salo of Nixon Peabody, LLP under a Grant Anticipation Note (GAN) structure assuming district general counsel can provide the necessary authority and enforceability opinions. Rough fee estimate would be \$30,000, paid by the district
- Covenants/Reporting Requirements:
 - Maintain primary Banking relationship with Tri Counties Bank
 - Audited Financial Statements within 270 Days of Fiscal Year End
 - Annual Budget within 60 Days of Adoption
 - Quarterly Bank reporting of Grant reimbursement requests submitted to state
- Funds Availability – Once the facility is formally established, funds would be available same business day assuming they are advanced directly into TCBK accounts.



MUNICIPAL FINANCE CORPORATION

2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
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TERM SHEET

Municipal Finance Corporation hereby submits the following Credit Line terms and conditions set forth below:

Date:	February 26, 2026
Borrower:	Burney Water District
Loan Amount:	\$2,500,000
Credit Line Duration:	3 Years
Credit Line Type:	Non-revolving line of credit
Interest Rate:	The formula is equal to the 3 year Constant Maturity Treasury (CMT) rate plus 2.25%, the sum multiplied by the factor 0.75. For example, the current 3 year CMT is 3.70%. After adding 2.25% and multiplying by the factor 0.75, the current tax-exempt rate is approximately 4.46%.
Closing Costs:	~\$35,000
Interest Payments:	Either quarterly or semi-annually at the District's discretion.
Principal Payments:	Principal is due 3 years after the initial draw date
Security:	A pledge of the net revenues of the water/sewer system, as applicable. standard covenants regarding rates and charges as well as additional parity debt test.
Prepayment:	Prepayment is allowed at any time without penalty commencing six months after the first draw date. If the District exercises a partial pay down during the three year period that it reduces the the credit line by that amount.

Term Sheet
Burney Water District
February 26, 2026
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Upon acceptance of this financing proposal, Municipal Finance Corporation shall use its best efforts to secure a credit approval in a timely fashion and otherwise to faithfully meet the requirements of this proposal. If this proposal is acceptable to the Burney Water District, please sign below and return to my attention at your earliest convenience.

I look forward to the opportunity to be of service to the Burney Water District.

Sincerely,



Stefan Morton
Vice President

Proposal Accepted By:
Burney Water District

By _____

Date _____

Burney Water District -- Interim Financing Line of Credit Lending Summary

Lender	CoBank	CSDA - Municipal Finance Corporation	Tri-Counties Bank
Recommended line of credit: \$2.5 MM for 5-year term per District Engineer's evaluation of gap financing needs for the Water System Improvement Project. WSIP SWRCB Grant = \$13,988,000.00		2.5MM	\$2.5MM Revolving credit facility to support gap funding for the District's water system improvement project
Term		3 years, with the ability at lender discretion to extend or renew	Initial term commitment of up to 36 months. Potential extensions if required.
Annual Renewal Fee		None	\$0 - Waived due to Banking Relationship (Typically 0.25 bps of commitment amount)
Unused Fee		None	\$0 Waived due to Banking Relationship (Typically 0.25 bps of commitment amount)
Penalties		None	N/A
Number of Draws		No more than one draw per month	Up to four advances per calendar month
Time from request to Money in bank		3 Business days	Same business day - Direct to TCBK accounts
Interest Rate		Currently about 4.40% based on formula in Term Sheet (Attached)	One Month SOFR + 1.70% (Currently 5.38%)
Documentation (setup) Fees for 3rd party attorney costs		\$35,000.00	Loan documentation prepared by Bank outside counsel - R. Salo of Nixon Peabody, LLP under a Grant Anticipation Note Structure (GAN) assuming district general counsel can provide the necessary authority and enforcability opinions. Rough fee estimate would be \$30,000.
Annual Clean-up Requirement		Not sure what this is	Not required
Secured by		Pledge of net revenues of District	Pledge of State Grant Funding and a general fund obligation of the District (any other taxes, income, and revenues to the repayment of GANs)
Payment Schedule			Interest-only payments due monthly. Principal due in full at maturity
		Quarterly Interest	Based on indicative variable rate of 5.38%
Interest cost on borrowing \$100,000 for 30 days		\$ 1,100.00	\$ 448.33
Interest cost on borrowing \$200,000 for 30 days		\$ 2,200.00	\$ 896.66
Interest cost on borrowing \$300,000 for 30 days		\$ 3,300.00	\$ 1,344.99
Interest cost on borrowing \$400,000 for 30 days		\$ 4,400.00	\$ 1,793.32
Interest cost on borrowing \$500,000 for 30 days		\$ 5,500.00	\$ 2,241.65
Interest cost on borrowing \$750,000 for 30 days		\$ 8,250.00	\$ 3,362.48
Interest cost on borrowing \$1,000,000 for 30 days		\$ 11,000.00	\$ 4,483.30
Interest cost on borrowing \$1,500,000 for 30 days		\$ 16,500.00	\$ 6,724.95
Interest cost on borrowing \$2,000,000 for 30 days		\$ 22,000.00	\$ 8,966.60