



John Riddle
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September 10, 2021

City of Fullerton, CA
303 West Commonwealth
Fullerton, CA 92832

Project: CITY OF FULLERTON REFUNDING SPECIAL TAX CINDERELLA BONDS, SERIES 2021

Sterling National Bank ("SNB") is pleased to present this financing proposal (the "Term Sheet") to the City of Fullerton, on behalf of Community Facilities District No. 1 (Amerige Heights) subject to final credit approval, in connection with the above-referenced project. Working with SNB has several major advantages, including:

- **Experience and Expertise:** Each member of the SNB Public Finance team has significant experience regarding the financing of essential governmental equipment and projects and can help you document your financing in a manner that complies with applicable local laws.
- **Financial Capability:** The SNB Public Finance team is part of Sterling National Bank, a publicly traded commercial bank, which has the capability of funding tax-exempt and taxable financings on a nationwide basis.
- **Reliability:** The SNB Public Finance team prides itself on excellent customer service and the prompt closing of awarded transactions.
- **Simplified Financing Structure:** SNB is proposing to refinance 100% of the City's CFD No.1 2012 Special Tax Bond and cost of issuance.

We look forward to working with you and your team on this assignment, and please do not hesitate to contact us with any questions, comments or concerns. We are positive that you'll enjoy working with SNB.

Very truly yours,

John Riddle

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TERM SHEET

TYPE OF FINANCING:	Taxable converting to Tax exempt (90 days prior to 9/1/2022) Special Tax Refunding Bonds secured by a pledge of Special Tax (the "Bond") to be directly purchased through a private placement.
ISSUER/BORROWER:	City of Fullerton, CA, on behalf of CFD #1 (the "City")
PURCHASER/LENDER:	Sterling National Bank and/or its successor by merger (the "Purchaser")
MUNICIPAL ADVISOR:	Urban Futures Inc.
PLACEMENT AGENT:	Stifel
BOND COUNSEL:	Jones Hall
PURCHASER'S COUNSEL:	Gilmore & Bell, P.C. (at no cost to the Borrower)
AMOUNT OF BONDS:	\$12,485,000
FINAL MATURITY:	September 1, 2032
INTEREST RATES:	Taxable 1.77% Tax Exempt: 1.325% Converts 90 days prior to 9/1/2022 The taxable rate (1.77%) of the Bond will be in effect through the full term of the Bond, or the "Cinderella" structure option can be exercised upon the City's request. Upon such request, the City must also provide or cause its Bond Counsel to provide to the Lender on the date thereof a qualifying and acceptable Tax Opinion, Tax Certificate, Form 8038-G and Bond reflecting the tax-exempt rate.
DSRF:	10% of Maximum Annual DS on outstanding Bond
TAX STATUS:	Taxable to Tax exempt
ANTICIPATED CLOSING DATE:	November 17, 2021

INTEREST RATE LOCK: The Interest Rates quoted above are locked through the Anticipated Closing Date.

PRINCIPAL PAYMENT STRUCTURE: Due annually, commencing on 09/01/2022 through final maturity and as further outlined in the City's request for proposal dated August 24, 2021

INTEREST PAYMENT STRUCTURE: Due semi-annually, commencing on 03/01/2022 through final maturity. Based on a 30/360 calculation.

PURCHASE OPTION: The Issuer shall have the right to pre-pay the Bond in whole, but not in part, on any payment date by paying the Redemption Price, provided that Issuer gives Lender at least thirty (30) days prior written notice of its intent to do so. The Redemption Price, as a percentage of the then-outstanding Loan balance, shall be equal to:

Year	Percentage
September 1, 2022 through and including March 1, 2024	102%
September 1, 2024 through and including March 1, 2026	101%
September 1, 2026 and any payment date thereafter	100%

Provided that on the Conversion Date of the Bond, SNB shall select at its option one of the following redemption provisions:

Choice #1 – descending redemption premium starting in year 2:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
Any date from September 1, 2023 through and including August 31, 2026	103%
September 1, 2026 through and including August 31, 2028	102
September 1, 2028 through and including August 31, 2030	101
September 1, 2030 and any date thereafter	100

Choice #2 – descending redemption premium starting in year 4:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
Any date from September 1, 2025 through and including August 31, 2026	103%
September 1, 2026 through and including August 31, 2027	102
September 1, 2027 through and including August 31, 2028	101
September 1, 2028 and any date thereafter	100

Choice #3 – 7 year par call:

Any date on or after September 1, 2028 at par.

FEES OF THE PURCHASER: None. Sterling National Bank does not charge any fees.

Any costs of issuance incurred by the City such as financial advisory, placement agent and bond counsel shall be the responsibility of the City and can be included in the borrowed amount.

DOCUMENTATION:

This financing is subject to the execution of mutually acceptable documentation to be prepared by Bond Counsel at the City's expense. Documents, including validity and tax opinion, will include those that are normal and customary for a transaction of this type and size.

IRS CIRCULAR 230 DISCLOSURE:

The Purchaser and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not written or intended to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with the Purchaser of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

ADVISORY DISCLOSURE:

The Purchaser is not a registered municipal advisor as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related rules and regulations. In providing this Term Sheet, the Purchaser is not providing any advice, advisory services, or recommendations with respect to the structure, timing, terms, or similar matters concerning an issuance of municipal securities. This Term Sheet is a commercial, arms-length proposal that does not create a fiduciary duty by the Purchaser to the City. The City may engage, separately and at its own cost, an advisor to review this Term Sheet and the proposed transaction on the City's behalf.

DIRECT BANK LOAN:

The Purchaser intends to classify the financing as a privately placed loan. As such, the financing will feature (but will not be limited to) the following restrictions:

- The financing will not be assigned a CUSIP.
- The financing will not be registered with the DTC;
- The financing will feature transfer restrictions such that transfer is restricted to Bank affiliates, or to Qualified Institutional Buyers, each of which is a commercial bank with minimum capital, etc.;
- The financing cannot be marketed pursuant to an offering document.

CREDIT APPROVAL:

This Term Sheet is subject to formal credit approval by the Purchaser and the negotiation of mutually acceptable documentation.

PROPOSAL EXPIRATION:

Unless accepted by the City or extended in writing by the Purchaser at its sole discretion, this Term Sheet shall expire on September 23, 2021. Once accepted, this Term Sheet shall expire if the Bond is not issued and purchased by November 17, 2021.

Final terms are subject to negotiation. The Bank recognizes that any acceptance provided by the staff of the City remains subject to formal action by the City Council. Upon receipt of the signed Term Sheet, we will endeavor to provide you with a timely commitment and we will use good faith efforts to negotiate and purchase the Bond based on the terms herein. It is a pleasure to offer this financing proposal to the City, and we look forward to your favorable response.

Respectfully –
Sterling National Bank

John Riddle

John Riddle
Managing Director



Agreed to and Accepted by:
City of Fullerton, California

Steve Danley (Name)

Acting City Manager (Title)

September 22, 2021 (Date)