



February 7, 2020

Connie Bona, Finance Director  
Town of Richmond  
203 Bridge Street  
Richmond, VT 05477

RE: Bond Anticipation Note for Water Infrastructure Project on Bridge Street

Dear Ms. Bona:

Thank you for giving Community Bank the opportunity to bid on the Town of Richmond's Bond Anticipation Note request. We are pleased to be able to offer the following:

- ❖ *ISSUE DATE:* The Note will be issued on or about March 4, 2020 or a date mutually agreed upon.
- ❖ *MATURITY DATE:* All principal and interest on the loan will be repaid one year from the Issue Date of the Note.
- ❖ *DENOMINATION OF NOTE:* There will be one Note issued in the denomination of \$500,000.00.
- ❖ *INTEREST RATE:*
  - *Option 1:* The rate of interest on the Note on a "lump sum" basis will be **2.38%** based on an actual/365 day year.
  - *Option 2:* The rate of interest on the Note on an "as needed" (non-revolving line of credit) basis will be **2.68%** based on an actual/365 day year.
- ❖ *FEES AND CLOSING COSTS:* No additional fees, document charges, nor Bank legal costs will be charged.
- ❖ *PREPAYMENT PROVISION:* The Note may be prepaid at any time without penalty.
- ❖ *CONFIRMATIONS:* The Town must confirm in writing that:
  - The total indebtedness issued by the Town in calendar year 2020 will not exceed \$5,000,000;
  - The Town will comply with all aspects of the Internal Revenue Code of 1986, as amended, including all provisions relating to arbitrage and rebate. This bid is subject to confirmation by the Bank that the Note represents a valid and binding general obligation of the issuer, and further that the Note is a "Qualified Tax Exempt Obligation" for the purposes of Section 265(b)(3) of the Code;

- All public bid, procurement and request for proposals statutes, ordinances and regulations have been complied with; and
- All federal informational returns with respect to this borrowing will be filed timely.
- ❖ *DOCUMENTATION:* The Bank will prepare the loan documents for execution by the Town Officers at a duly convened public meeting. At minimum five (5) business days shall be required to prepare for a closing, unless other arrangements are made with the Bank.
- ❖ *SUBMISSION OF FINANCIAL STATEMENTS:* The Town will submit its most recent past three years' financial statements for the term of the Note prior to closing. This bid is contingent upon sufficient time to analyze these financial statements so as to prepare for a closing, unless other arrangements are made with the Bank. Updated financial statements are required on an annual basis thereafter through the term of the Note.
- ❖ *LEGAL OPINION:* This bid is subject to a legal opinion from bond counsel acceptable to the Bank, the cost of which will be borne by the Bank. The opinion must include a statement that the Note represents a valid and binding general obligation of the issuer, that it is lawfully authorized and issued, and that the interest paid thereon is exempt from federal income taxes.

This bid shall expire by 5:00 p.m. on February 19, 2020, which date can be extended with notice, and is subject to withdrawal if any adverse information relating to the issuer's affairs is discovered prior to closing. This preliminary term sheet outlines the general terms and conditions under which Community Bank, N.A. may consider providing financing to the Town of Richmond. This Term Sheet is intended to be a basis for discussion and should not be construed as a commitment to lend.

Please do not hesitate to contact us if you have any questions. We look forward to working together to serve your Town.

Sincerely,

*Hope Crifo*

Hope Crifo, CFA  
Municipal Loan Manger.  
Community Bank, N.A.  
802-476-1658

SEEN AND AGREED TO ON BEHALF OF THE TOWN:

By: \_\_\_\_\_  
Its Duly Authorized Agent