



October 24, 2024

Debbie Hall
Finance Director
Town of Carolina Beach
1121 N Lake Park Blvd
Carolina Beach, North Carolina 28428

Dear Debbie,

Please find our Term Sheet outlining the proposed terms and conditions associated with the financing for the Town of Carolina Beach, North Carolina enclosed.

Atlantic Union Public Finance, Inc. ("AUPF") is pleased to present this Term Sheet, for discussion purposes only, which outlines the terms and conditions AUPF will consider in making a loan to the Town of Carolina Beach, North Carolina ("Borrower"). For the purpose of clarity, AUPF is a wholly-owned subsidiary of Atlantic Union Bank ("Atlantic Union") that will originate and hold the tax-exempt installment transaction herein contemplated.

This Summary of Terms and Conditions is being provided in response to a request for proposals, and AUPF is not receiving separate direct or indirect compensation for providing such response. This Summary of Terms and Conditions is presented for discussion purposes only and is not a commitment to lend. The actual terms and conditions of any commitment to lend are subject to completion of due diligence satisfactory to AUPF. This Summary of Terms and Conditions is confidential and cannot be disclosed to third parties without the prior written consent of AUPF.

If you would like for us to proceed with seeking credit approval, please sign below and return this letter on or before November 1st, 2024, 5:00pm. Upon receipt of this signed letter, AUPF will proceed with completing the underwriting of the loan according to AUPF policies. I hope this proposal meets your objectives and look forward to working with you. I will follow up with you in the coming week to see if you have any questions or comments about anything contained therein.

With Warmest Regards,

Charles Mattox

A handwritten signature in cursive script that reads "Charlie Mattox".

Market President, Wholesale Banking
P: 910-444-0164 / C: 828.713.0934

Agreed and Accepted this ____ day of _____ 2024

Debbie Hall, Finance Director for the Town of Carolina Beach, North Carolina

***THIS IS NOT A COMMITMENT; PREPARED AS A TERM SHEET EXCLUSIVELY FOR TOWN OF
CAROLINA BEACH, NC***

Atlantic Union Public Finance (the “Lender”) is evaluating the feasibility of providing a credit facility to Town of Carolina Beach, North Carolina (“Borrower”), to: Provide installment loan financing for the demolition and construction of a new town owned public restroom facility that meets ADA standards. The facility is located at the Town’s Boardwalk at 9 Boardwalk Avenue, Carolina Beach. The following are non-exclusive preliminary terms and conditions based on information received to date:

Borrower:	Town of Carolina Beach, North Carolina
Lender:	Atlantic Union Public Finance
Loan Amount:	Up to \$1,998,147 installment credit facility (the “loan”)
Loan Structure:	Tax-Exempt (AUPF does not require a BQ designation)
Purpose:	The proceeds of the 2024 loan will be used to provide amortizing installment loan financing for the demolition and construction of a new town owned public restroom facility that meets ADA standards. The facility is located at the Town’s Boardwalk at 9 Boardwalk Avenue, Carolina Beach.
Drawdown:	All proceeds to be advanced upon closing.
Final Maturity:	Final Maturity shall be 10 years from the closing date which means the maturity date shall be approximately December of the year 2034. At maturity, any outstanding principal balance remaining will be due and can be either paid off or refinanced at that time.
Interest Rate:	Fixed Rate of 4.968% which will be held through December 31, 2024 (the transaction will be expected to close before then). Thereafter pricing may be subject to change due to changes in market conditions and rate applicable at the time. In the event of default, the default interest rate would be the prevailing rate plus 5.00%.
Repayment and Term:	The Amortizing Installment payments are to be made annually (level principal payments of \$133,209.80 for a 10-year term plus interest in arrears) and are based on a 15-year Amortization. The loan is expected to close in December of 2024 and the maturity date shall be 10 years from the closing date.
Yield Maintenance:	The Bank affirms that, relating to changes outside of the Town’s control, including tax rate or regulatory changes, there shall be no cost of capital yield maintenance provisions, to exclude events of default.
Commitment Fee:	None

Security: Abundance of Caution Deed of Trust on the property located at 9 Boardwalk Avenue, Carolina Beach, NC (No deficiency judgement may be rendered against the Town for breach of a contractual obligation under the Installment Financing Agreement, and the taxing power of the Town will not be pledged to secure payment thereunder.)

Prepayment/Termination: There is no prepayment penalty for a payoff of the proposed loan in part or in full at any time.

Reporting Requirements: The Town of Carolina Beach will provide annual audited financial statements by March 31st of each year. The Town will also provide its annual budget and any revisions to the budget as soon as they are adopted by the Town Council as well as any other information reasonably requested by the Bank.

Miscellaneous: Loan documentation shall include customary provisions addressing perfection of security interests, application of payments, notices, waivers, maximum legal rates, late charges, default rates, rights and remedies upon defaults, prepayments, changes in terms and conditions, interpretation of references in loan documentation, validity of terms and conditions and waiver of trial by jury but shall not include any confession of judgement nor will it include a non-substitution or non-appropriation clause in the Agreement.

Additionally, as a requested requirement of the Town of Carolina Beach, the bank agrees to the contract specifications set forth in Part B of the originally issued Request for Proposal issued October 9th, 2024.

Costs: Borrower agrees that all fees, costs, reasonable legal fees, and other direct out-of-pocket expenses incurred by the Bank in connection with the origination, handling, or collection of the loans shall be paid by the Borrower. All such fees, expenses and costs shall be due whether or not the facility is closed, and, if due, shall be payable at the time of closing, or on demand if the facilities do not close.