



Town of Carolina Beach, NC

Term Sheet

10/24/2024

Truist Bank (“Bank”) is pleased to submit the following summary of terms and conditions for discussion purposes only. The term sheet is non-binding and does not represent a commitment to lend. The term sheet is intended only as an outline of certain material terms of the requested financing and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in any definitive documentation for the requested financing.

Borrower:	Town of Carolina Beach, NC (“Town”)
Lender:	Truist Bank
Facility/Purpose/Description:	<p>Tax-exempt, Bank Qualified direct bank loan evidenced by an Installment Financing Agreement (“Agreement”) pursuant to N.C.G.S. 160A-20 (the “Facility”).</p> <p>The proceeds of the Agreement will be used to primarily finance 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.</p>
Amount:	Up to \$1,998,147.
Funding:	<p>The Loan will be funded in a single drawdown on the closing date, which is anticipated to be December 9, 2024 and any proceeds of the Loan not advanced to the Borrower at closing will be required to be deposited into a project fund account held with Truist (the “Project Fund”).</p> <p>The Project Fund will earn an initial investment rate of 3.80%.</p> <p>A sample copy of the requisition form shall be part of the closing documents (no additional invoices or forms shall be required).</p> <p>A copy of the anticipated draw down schedule shall be provided prior to closing and funding the transaction.</p>
Repayments:	Installment payments are to be made annually in arrears. Required that ACH payments be set up for payments. Please see the attached debt service schedule.
Maturity Date:	15 years from the closing date.
Interest Rates:	<p><b><u>Make Whole Option – 15 Year Option:</u></b></p> <p>3.97% Tax-Exempt</p> <p>The Borrower will pay to the Lender prepayment compensation in connection with any prepayment of the Loan based on the Lender’s standard break-funding terms for fixed rate</p>

loans unless a Par Call option is selected below.

Borrower may prepay the Loan in whole or in part at any time upon two Business Days' prior written notice to the Lender. Such prepayment notice shall specify the amount of the prepayment which is to be made. In the event of a prepayment of the Loan under this paragraph, the Borrower may be required to pay the Lender an additional fee (a prepayment charge or premium) determined by Lender's make whole compensation provision in the loan documents, to compensate the Lender for all losses, costs and expenses incurred in connection with such prepayment. Any partial prepayment shall be applied as determined by Lender in its sole discretion.

**Make Whole Compensation Provision**

The fee shall be equal to the present value of the difference between (1) the amount that would have been realized by Bank on the prepaid amount for the remaining term of the loan at the rate for fixed-rate payers in U.S. Dollar interest rate swaps as quoted by Bloomberg (the "Swap Rate") for a term corresponding to the term of the loan, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the origination date of the loan and (2) the amount that would be realized by Bank by reinvesting such prepaid funds for the remaining term of the loan at the Swap Rate for fixed-rate payers in U.S. Dollar interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the loan repayment date; both discounted at the same interest rate utilized in determining the applicable amount in (2). Should the present value have no value or a negative value, the Borrower may repay with no additional fee. Should Bloomberg no longer release rates for fixed-rate payers in U.S. Dollar interest rate swaps, Bank may substitute the Bloomberg index for rates for fixed-payers in U.S. Dollar interest rate swaps with another similar index as determined by Bank. Bank shall provide the Borrower with a written statement explaining the calculation of the premium due, which statement shall, in absence of manifest error, be conclusive and binding.

If the Borrower prepays in any calendar year less than ten percent (10%) of the principal amount that was outstanding on the Loan on January 1 of such calendar year, such prepayment may be made at par plus interest accrued to the date of prepayment on the principal amount being prepaid and with no fee or prepayment as described above.

**Par Call – Seven (7) Years:**

A Make Whole Compensation Provision will exist from closing until the par call date.

**15 Year Option:** The tax-exempt fixed rate is 4.14% per annum.

**Par Call – Ten (10) Years:**

A Make Whole Compensation Provision will exist from closing until the par call date.

**15 Year Option:** The tax-exempt fixed rate is 4.03% per annum.

The tax-exempt fixed interest rates for the Loan will be subject to increase in the event of a Determination of Taxability.

	<p>Rate Lock Period: The rates are locked, and available, through December 14, 2024.</p> <p>Accrual basis: 30/360</p> <p>The Borrower understands that the market interest rates are subject to change. The Borrower also understands that in the event the Facility is funded during the Rate Lock Period, the Rate will become the effective interest rate for the Facility even if market interest rates are lower than the Rate at the time the Facility is funded.</p>
Security:	The Town's obligation to make installment payments will be subject to annual appropriation. The Town's obligation under the Agreement will be further secured by a security interest in the project being financed.
Documentation:	All documentation shall appropriately structure the financing according to Federal and State statutes, subject to acceptable review by Lender and its counsel. The loan will not be presented for payment unless required by documentation.
Covenants:	<p>Usual and customary covenants, reporting requirements, representations and warranties and events of default, for transactions of this type, including, without limitation, the following financial covenants and reporting requirements:</p> <ul style="list-style-type: none"> <li>• Annual Financial Statements within 270 days of fiscal year end.</li> <li>• Annual budget within 30 days of adoption.</li> <li>• The default rate shall be Prime + 2.0%.</li> </ul>
Conditions Precedent and Other Terms:	<ol style="list-style-type: none"> <li>1. <u>Borrower's Counsel Opinion</u>: An opinion of Borrower's counsel covering matters customary to transactions such as this and in all respects acceptable to the Bank, the Lender and its counsel.</li> <li>2. <u>Other Items</u>: The Bank and the Lender shall have received such other documents, instruments, approvals or opinions as may be reasonably requested.</li> </ol>
Lender's Legal Counsel	<p>The Lender's legal counsel will be Matt Davis at Pope Flynn.</p> <p>Estimated fees for the closing of the Loan will not exceed \$7,500.</p> <p>All legal fees shall be paid by the Borrower whether or not the Loan described herein is closed.</p>
Governing Law & Jurisdiction:	State of North Carolina.
RFP Statement:	The Bank agrees to the contract specifications set forth in Part B of this Request for Proposal.
Municipal Advisor Disclosure:	The Bank is a regulated bank and makes direct purchase loans to Municipal Entities and Obligated Persons as defined under the Municipal Advisor Rule, and in this term sheet is solely providing information regarding the terms under which it would make such a purchase for its own account. The Bank is not recommending an action or providing any advice to the Borrower and is not acting as a municipal advisor or financial advisor. The Bank is not serving in a fiduciary capacity pursuant to Section 15B of the Securities Exchange Act of 1934 with respect to the information and material contained in this

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	communication. The Bank is acting in its own interest. Before acting on the information or material contained herein, the Borrower should seek the advice of an IRMA and any other professional advisors which it deems appropriate for the Loan described herein, especially with respect to any legal, regulatory, tax or accounting treatment.
Patriot Act:	Pursuant to the requirements of the Patriot Act, the Bank and its affiliates are required to obtain, verify and record information that identifies loan obligors, which information includes the name, address, tax identification number and other information regarding obligors that will allow Lender to identify obligors in accordance with the Patriot Act, and Lender is hereby so authorized. This notice is given in accordance with the requirements of the Patriot Act and is effective for the Bank and its affiliates.
Expiration Date:	This Term Sheet shall expire on November 24th, 2024 unless accepted prior to then.

## **DISCLAIMER**

**Town of Carolina Beach, NC  
Series 2024**

### **MUNICIPAL ADVISOR DISCLOSURE**

This analysis and any rates utilized herein have been provided by Truist solely for illustrative purposes. Truist is not recommending an action or providing advice to the borrower and is not acting as a municipal advisor or financial advisor.

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## SOURCES AND USES OF FUNDS

### Town of Carolina Beach, NC Series 2024

**Sources:**

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Bond Proceeds:	
Par Amount	1,998,147.00
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	1,998,147.00
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**Uses:**

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Project Fund Deposits:	
Project Fund	1,998,147.00
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	1,998,147.00
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### BOND SUMMARY STATISTICS

#### Town of Carolina Beach, NC Series 2024

Dated Date	12/09/2024
Delivery Date	12/09/2024
Last Maturity	12/01/2039
Arbitrage Yield	3.931608%
True Interest Cost (TIC)	3.931608%
Net Interest Cost (NIC)	3.970000%
All-In TIC	3.931608%
Average Coupon	3.970000%
Average Life (years)	7.978
Duration of Issue (years)	6.719
Par Amount	1,998,147.00
Bond Proceeds	1,998,147.00
Total Interest	632,848.69
Net Interest	632,848.69
Total Debt Service	2,630,995.69
Maximum Annual Debt Service	210,773.43
Average Annual Debt Service	175,659.95
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Bond Component	1,998,147.00	100.000	3.970%	7.978
	1,998,147.00			7.978

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,998,147.00	1,998,147.00	1,998,147.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	1,998,147.00	1,998,147.00	1,998,147.00
Target Date	12/09/2024	12/09/2024	12/09/2024
Yield	3.931608%	3.931608%	3.931608%

**BOND DEBT SERVICE**

**Town of Carolina Beach, NC  
Series 2024**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
12/01/2025	133,209.80	3.970%	77,563.63	210,773.43	210,773.43
12/01/2026	133,209.80	3.970%	74,038.01	207,247.81	207,247.81
12/01/2027	133,209.80	3.970%	68,749.58	201,959.38	201,959.38
12/01/2028	133,209.80	3.970%	63,461.15	196,670.95	196,670.95
12/01/2029	133,209.80	3.970%	58,172.72	191,382.52	191,382.52
12/01/2030	133,209.80	3.970%	52,884.29	186,094.09	186,094.09
12/01/2031	133,209.80	3.970%	47,595.86	180,805.66	180,805.66
12/01/2032	133,209.80	3.970%	42,307.43	175,517.23	175,517.23
12/01/2033	133,209.80	3.970%	37,019.00	170,228.80	170,228.80
12/01/2034	133,209.80	3.970%	31,730.57	164,940.37	164,940.37
12/01/2035	133,209.80	3.970%	26,442.15	159,651.95	159,651.95
12/01/2036	133,209.80	3.970%	21,153.72	154,363.52	154,363.52
12/01/2037	133,209.80	3.970%	15,865.29	149,075.09	149,075.09
12/01/2038	133,209.80	3.970%	10,576.86	143,786.66	143,786.66
12/01/2039	133,209.80	3.970%	5,288.43	138,498.23	138,498.23
	<b>1,998,147.00</b>		<b>632,848.69</b>	<b>2,630,995.69</b>	<b>2,630,995.69</b>



### FORM 8038 STATISTICS

#### Town of Carolina Beach, NC Series 2024

Dated Date 12/09/2024  
Delivery Date 12/09/2024

<i>Bond Component</i>	<i>Date</i>	<i>Principal</i>	<i>Coupon</i>	<i>Price</i>	<i>Issue Price</i>	<i>Redemption at Maturity</i>
Bond Component:						
	12/01/2025	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2026	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2027	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2028	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2029	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2030	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2031	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2032	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2033	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2034	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2035	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2036	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2037	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2038	133,209.80	3.970%	100.000	133,209.80	133,209.80
	12/01/2039	133,209.80	3.970%	100.000	133,209.80	133,209.80
		1,998,147.00			1,998,147.00	1,998,147.00

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Issue Price</i>	<i>Stated Redemption at Maturity</i>	<i>Weighted Average Maturity</i>	<i>Yield</i>
Final Maturity	12/01/2039	3.970%	133,209.80	133,209.80		
Entire Issue			1,998,147.00	1,998,147.00	7.9778	3.9316%

Proceeds used for accrued interest 0.00  
 Proceeds used for bond issuance costs (including underwriters' discount) 0.00  
 Proceeds used for credit enhancement 0.00  
 Proceeds allocated to reasonably required reserve or replacement fund 0.00