UnionBank

June 15, 2026

Lake Region Union High School
Melissa Fortuna, Business Manager
130 Kinsey Road
Barton, VT 05822

DELIVERED ELECTRONICALLY

Dear Melissa,

Thank you for including Union Bank in the bid process for a tax anticipation loan. We have provided you with two options to choose from for this type of borrowing. They include:

Option #1
Tax Anticipation Loan
with Reinvestment Option

Borrower:	Lake Region Union High School
Loan Amount:	$2,097,364.00
Loan Date:	July 1, 2026
Maturity Date:	June 30, 2027
Term:	12 Months
Payment:	Principal and Interest due at Maturity
Prepayment Penalty:	No
Tax Exemption:	Interest income is tax exempt to bank and "bank qualified" under Section 265(b) of the Internal Revenue Code
Interest Rate:	3.45% fixed

The investment rate on funds not needed for current expense will be deposited into an Insured Cash Sweep (ICS) Account. With the ICS product, you will earn interest while accessing multi-million dollar FDIC insurance. The interest rate for the ICS Account is 3.90% with an APY of 3.97%. The interest compounds daily and is posted to the account at month end when the statement is produced. There are no fees associated with this account and there are no limitations as to the number of transactions allowed each month.

If the loan is paid off before the maturity date **(June 20, 2027)** then the interest rate on the Insured Cash Sweep account may revert to the interest rate for a *Municipal Checking account with Interest* at the interest rate that's in effect for this described product at the time of the payoff.

Not all methods of interest calculation for the excess funds on deposits are calculated the same by financial institutions. Often times a financial institution is agreeing to pay interest on the investment balance *only* up to the original loan amount. Here is an example:

Original Loan Amount:	$500,000
Insured Cash Sweep Balance:	$650,000
Interest Paid up to:	$500,000**

** Any balances in the ICS over and above the original amount either *do not earn* interest or *earn interest at a significantly lower rate*.

At Union Bank, *we agree to pay the same rate of interest on the* ***entire balance*** *in the Insured Cash Sweep Account.* In the example above, you would earn the stated interest rate on the entire $650,000. So even if the spread between the loan interest rate and investment interest rate may appear greater with other banks, that does not necessarily equate to a better return for the municipality.

Option #2
Non-Revolving Line of Credit Option

Borrower:	Lake Region Union High School
Loan Amount:	$2,097,364.00
Loan Date:	July 1, 2026
Maturity Date:	June 30, 2027
Term:	12 Months
Payment:	Principal and Interest due at Maturity
Prepayment Penalty:	No
Tax Exemption:	Interest income is tax exempt to bank and "bank qualified" under Section 265(b) of the Internal Revenue Code
Interest Rate:	4.99% fixed

To aid in the analysis of the various options, we have included a spreadsheet that compares the two options. According to the estimated cash flow provided, if Lake Region Union High School chooses option #1, the net interest income would be approximately $29,621.00 over the course of the fiscal year 2027.

Should Lake Region Union High School choose the line of credit option #2, the interest expense would be approximately $18,904.00 over the course of the fiscal year 2027.

In the event Lake Region Union High School accepts the terms of this bid, the following loan documents will need to be executed by the School Board:

- Note
- Resolution
- IRS Form 8038-G

- Tax Certificate w/Schedule D
- Signed Cash Flow Certificate
- Signed Acceptance of Union Bank's Proposal Letter

We will also require copies of the following items:

- Copies of School Board Minutes Awarding Bid to Union Bank
- Most recent Annual report
- Warning of Informational Budget Hearing, if applicable
- Proof of 2026/2027 Budget Approval

We do offer the option of electronic signatures on all the loan documents. If you'd like to use the electronic signature for the loan documents, please provide us with a list of the members of the School Board along with their email address to send the loan documents.

Alternatively, if the Finance Director and the Superintendent or other Lake Region Union High School officials are authorized by the School Board Members to sign on their behalf, then the Bank will need an Opinion of Counsel verifying the approval.

We reserve the right to cancel this commitment letter and to terminate our obligation hereunder if the loan fails to close on or before **July 1, 2026.**

Sincerely,

Tina Norton

Tina Norton, Vice President
Government Banking Relationship Officer

Please indicate your acceptance of the terms and conditions by signing below and returning to my attention.

By: ___________________________ Option #: _________
Melissa Fortuna, Business Manager

Line of Credit vs. Reinvestment Option - Union Bank

Borrower:	**Lake Region Union High School**		
Loan:	2,097,364		
Reinvestment:	3.90%	Daily Rate:	0.01068%
Loan Rate:	3.45%	T/E Rate:	4.04%
Spread:	45.00		
Line of Credit Rate:	4.99%	T/E Rate:	5.84%

Month	Days	Estimated Expenses	Estimated Receipts	Monthly Surplus or Deficit	Cumulative Surplus or Deficit	Line of Credit Cost to Municipality	Loan Plus Cumulative	ICS Compound Interest	Loan Interest	Net Profit (Cost) To Customer
			Beginning Cash on Hand-->							
July	31	$500,807	$155,321	(345,486)	(345,486)	(1,464)	1,751,878	5,812	6,146	(333)
August	31	$1,237,565	$4,190	(1,233,375)	(1,578,861)	(6,691)	518,503	1,720	6,146	(4,425)
September	30	$672,615	$1,951,513	1,278,898	(299,963)	(1,230)	1,797,401	5,770	5,947	(177)
October	31	$891,886	$45,107	(846,779)	(1,146,742)	(4,860)	950,622	3,154	6,146	(2,992)
November	30	$557,655	$568,515	10,860	(1,135,882)	(4,659)	961,482	3,087	5,947	(2,861)
December	31	$818,678	$5,016,059	4,197,381	3,061,499	0	5,158,863	17,115	6,146	10,970
January	31	$1,189,182	$33,234	(1,155,948)	1,905,551	0	4,002,915	13,280	6,146	7,135
February	28	$648,091	$913,099	265,008	2,170,559	0	4,267,923	12,787	5,551	7,236
March	31	$1,220,507	$281,817	(938,690)	1,231,869	0	3,329,233	11,045	6,146	4,900
April	30	$587,551	$265,548	(322,003)	909,866	0	3,007,230	9,655	5,947	3,707
May	31	$1,447,994	$2,003,774	555,780	1,465,646	0	3,563,010	11,821	6,146	5,675
June	30	$1,863,448	$397,801	(1,465,647)	(1)	0	2,097,363	6,733	5,947	786
	365	11,635,979	11,635,978			(18,904)	2,617,202	101,980	72,359	29,621
							Monthly Average			

Line of Credit Cost to Client	(18,904)
Profit (Cost) to Customer With Reinvestment Option:	29,621