Community National Bank
Equal Housing Lender Member FDIC
Vermont's Community Bank

June 11, 2026

Orleans Central Supervisory Union
Melissa Fortuna, Business Manager
130 Kinsey Road
Barton, VT 05822

Delivered Electronically

Dear Melissa,

Thank you for the opportunity to provide you with a quote for Lake Region Union Elementary Middle School and Lake Region Union High School for their Tax Anticipation borrowing for the FY 2026/2027 school year.

Per your cash flow, it's our understanding that the borrowing needs are as follows:

LRUEMS	$3,714,877.00
LRUHS	$2,097,364.00

These amounts represent the cumulative cash flow deficit that the schools anticipate experiencing this year. These notes will mature and be paid on or before June 30, 2027.

Option 1:

Non-Arbitrage Note

The rate would be 3.49% per annum. The annual interest rate is computed on an Actual 365 basis, meaning that the ratio of the annual interest rate over a year of 365 days is multiplied by the actual number of days the principal balance is outstanding.

The funds would be invested with us at 3.89% per annum and placed in a non-arbitrage checking account which allows unlimited withdrawals. ***Any funds in excess of the loan amount will earn interest of 3.89%*** and will be placed in an ICS (Insured Cash Sweep) account. This account is a money market account in which all funds are insured. It allows unlimited deposits and withdrawals per month. The interest compounds daily and is posted to the account at month end. Once the loan is paid off, the ICS account will earn interest on a variable rate at the published rate at that time.

There are no fees associated with this account. Funds may be accessed at any time with no restrictions via CNB's online banking platform.

Option 2:

Line of Credit

Alternatively, you could borrow as a line of credit. The rate would be 5.05%, with a maximum term of 12 months. With this type of closed end line of credit, the funds are drawn as needed and interest is paid only on the amount drawn from the line. The annual interest rate on this type of note is computed on an Actual/365 basis, meaning that the ratio of the annual interest rate over a year of 365 days is multiplied by the actual number of days the principal balance is outstanding. Payments to the line of credit may be made at any time without a penalty. Funds can be transferred as needed at no cost with CNB's online banking platform.

If you decide to proceed with this through our bank, we would need the following documents for our review before loan closing:

- Current financials and annual report.
- Copy of the warning and minutes from the meeting approving the borrowing.

Interest income must be tax exempt to the bank and bank qualified under Section 265(b) of the Internal Revenue Code. These rates are effective for 30 days. After that point, rates will be re-evaluated. There are no fees for these loans, and pre-payment is allowed at any time without penalty.

If you have any questions concerning this proposal, please do not hesitate to contact me.

Thank you again for this opportunity and I look forward to hearing from you.

Sincerely,

Holly Pepin

Holly Pepin, Treasury & Municipal Relationship Manager
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