



**Bank**

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**CENTRAL MONTGOMERY COUNTY AREA VOCATIONAL TECHNICAL SCHOOL  
TERM SHEET  
SCHOOL REVENUE NOTE, SERIES 2021**

The purpose of this term sheet ("Term Sheet") is to outline the terms and conditions under which TD Bank, N.A. would consider providing financing in order for Central Montgomery County Area Vocational Technical School (the "CMVTS" or "Borrower") to more effectively evaluate its financing options and to facilitate discussions regarding the financing. The actual terms and conditions upon which TD Bank, N.A., might extend credit to (Borrower) are subject to execution of this Term Sheet by CMVTS and evidence of the authorizing resolution adopted by (Borrower), reflecting mutually agreed upon terms and conditions. This Term Sheet, outlined below, is provided with the understanding that neither it nor its substance shall be disclosed to any third party, except for those parties who are in confidential relationships with the CMVTS or Borrower.

- Conduit Issuer:** Hatfield Township Industrial Development Authority
- Borrower:** Central Montgomery County Area Vocational Technical School
- Facility:** Not to exceed \$2,750,000 Term Loan
- Purpose:** Provide funds to finance various capital projects of CMVTS and payment of the costs associated with the loan.
- Security:** The Note is a special limited obligation of the Hatfield Township Industrial Development Authority (the "HTIDA"), payable solely from: (a) loan payments payable to the HTIDA from the CMVTS; (b) moneys derived from the investment of such loan payments; and (c) other receipts, revenues and moneys otherwise available to the HTIDA under the Indenture. The HTIDA has no taxing power. The CMVTS has no taxing power.

The loan payments, which will be assigned to the Trustee pursuant to the Indenture, are payable by the CMVTS from its general revenues, which include payments payable by the Participating Districts. Under the Articles of Agreement among the Participating Districts, pursuant to which the CMVTS was established, the Participating Districts are obligated to pay allocable shares of all operating and capital costs, including the loan payments. However, the obligation to make such payments is not a statutory or constitutional debt obligation of the Participating Districts, and the taxing power of the Participating Districts are not specifically pledged therefore. Rather, such obligations of the Participating Districts are payable from current revenues of each of the Participating Districts in each applicable year.

CMTVS Bond Counsel will draft all loan documentation as well as provide the tax-exempt opinion for the loan. Closing documentation shall include approved debt proceedings of the HTIDA under the Pennsylvania Economic Development Financing Law.

**INTEREST RATE/  
REPAYMENT:**

The bank will provide a fixed rate of interest for the term of the Note equal to 1.11% per annum. Interest payments will be due semi-annually. Principal payments will be made annually based upon the attached amortization schedule. This loan will be pre-payable at any time without penalty.

**FEES:**

**Commitment Fee:** None.

All expenses incurred by this transaction shall be paid by the Borrower. These include, but are not limited to, fees and expenses of legal counsel (inside and outside) and any other expenses in reference to structuring, documenting, closing, monitoring or enforcing the Bond, and shall be payable at closing or otherwise on demand. Payment by Borrower of expenses described above shall not be contingent upon the closing of the Bond.

Estimated Bank counsel fees borne by Borrower capped at \$2,500.

**Choice of Law / Jury Trial / Venue:**

**(a) Governing Law:** Commonwealth of Pennsylvania.

**(b) Jury Trial:** The Borrower and the Bank, to the extent permitted by applicable law, agree to waive a jury trial in any proceeding.

**(c) Venue:** Any litigation involving the Bank shall be brought in the appropriate Federal or State courts of the Commonwealth of Pennsylvania located in the appropriate County having jurisdiction over the matter.

**Representations and Warranties:**

Usual and customary for transactions of this type.

**Margin Rate Factor:**

From and after the effective date of any changes in the federal corporate tax rate applicable to the bank, the Applicable Spread shall be multiplied each day by a factor equal to the greater of (i) 1.0 and (ii) the product of (A) one minus the maximum rate of income taxation imposed on corporations under Section 11(b) of the Internal Revenue Code and (B) 1.27.

**Indemnification:**

Customary Bank indemnification to the extent permitted by applicable law in all cases except where the Bank is proven to have been guilty of gross negligence or willful misconduct.

**Financial Covenants:**

Maintenance of all Financial and Reporting Covenants contained within the current Authorizing Resolution.

**Conditions/  
Financial Requirements**

- Submission of CMVTS Annual Audited Financial Statements annually by November 30<sup>th</sup> of each year, or within 15 days of completion.
- Other information concerning the financial or business affairs of the Borrower as may be reasonably requested by the Bank from time to time.

**Conditions  
Precedent to Closing:**

Including, but not limited to, the following all of which shall be in form and substance satisfactory to the Banks:

- 1) All documentation relating to the Loan in form and substance satisfactory to the Bank.
- 2) Evidence the Loan is on parity with all other outstanding general obligation debt of the Borrower.
- 3) Evidence that Borrower is authorized to enter into this transaction.
- 4) Satisfactory review of bond documents, indentures, resolutions, ordinances and other similar agreements related to the Note.
- 5) No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.
- 6) No material threatened or pending litigation against the borrower or additional material contingent obligations of the Borrower.
- 7) Delivery of opinions of counsel.
- 8) Payment of all legal fees.
- 9) A certificate to the effect that no Event of Default has occurred and is continuing with respect to other outstanding general obligation debt of CMVTS.
- 10) Other conditions precedent as appropriate for transactions of this nature.

**Proposed Terms and  
Conditions Subject to  
Certain Events:**

It represents a willingness on the part of the Bank to seek approval to provide the commitment indicated herein and for the Bank to consummate a transaction based upon the terms and conditions outlined in this Term Sheet and is subject to:

- Absence of any material adverse change in the Security or the financial condition, operations or prospects of the Borrower, or in any law, rule or regulation (or their interpretation or administration), that, in each case, may adversely affect the consummation of the transaction, to be determined in the Bank's sole discretion;
- Such additional due diligence as the Bank may require, and
- Agreement as to all final terms and conditions of the Facility and the related documents thereof (including satisfactory legal opinions); all documents to be in form and substance satisfactory to the Bank.

**The Bank agrees to be legally bound to such terms from the date of this Loan Proposal to the Closing Date of the Note, which is estimated to be no later than July 31, 2021.**

Sincerely,

TD Bank, N.A.

  
Emily Sorbello, Vice President

6/2/2021  
Date

Approved and Accepted by:

\_\_\_\_\_  
Hatfield Township Industrial Development Authority,  
Solely as Conduit Issuer on behalf of Borrower  
Authorized Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Central Montgomery County Area Vocational-Technical School  
Authorized Officer

\_\_\_\_\_  
Date

**CENTRAL MONTCO TECHNICAL HIGH SCHOOL**  
Summary of Borrowing Options

**GOAL:** Borrow on a wrap around basis to fund capital projects

<b>\$2.6 Million New Money</b>
Settlement: 07/15/2021
Arbitrage Yield: 1.11%

	1	2	3	4	5
Year Ending 30-Jun	Annual Debt Service EXISTING [1]	7 Year Wrap Around Debt Service	Total Debt Service	Budget Impact	
2021	\$ 1,564,525	\$ -	\$ 1,564,525	\$ -	
2022	1,570,525	29,744	1,600,269	35,744	
2023	1,564,125	34,637	1,598,762	(1,507)	
2024	1,568,025	34,582	1,602,607	3,845	
2025		684,526	684,526	(918,081)	
2026		682,256	682,256	(2,271)	
2027		684,930	684,930	2,674	
2028		682,493	682,493	(2,437)	
2029				(682,493)	
<b>Totals</b>	<b>\$ 6,267,200</b>	<b>\$ 2,833,166</b>	<b>\$ 9,100,366</b>		

NOTE 1: Interest rates used in this analysis are based on estimated current market conditions and are subject to change.

NOTE 2: PFM Financial Advisors serves as the municipal advisor for Upper Merion Area School District, Colonial School District and Norristown Area School District.

[1] Existing debt service consists of the Tech School's outstanding Series of 2013 Bonds.

# Central Montgomery County Area Vocational Technical School

Bid Summary for GO Note, Series of 2021

May 27, 2021



RBC Capital Markets

Institution	Fixed Interest Rate	Commitment Fee	Optional Prepayment	Legal Fees
TD Bank	1.11%	none	Anytime without penalty	\$2,500
People's Security Bank & Trust	1.49%	none	Anytime without penalty	\$5,000
BB&T	2.29%	none	Anytime without penalty	\$2,500

The following institutions did not submit a proposal:

- Capital One
- Uninvest
- BB&T
- Key bank
- Webster Bank
- JP Morgan Chase
- QNB
- WSFS

⏪ Reply all   ▾   🗑 Delete   🚫 Junk   Block   ⋮

## Fwd: Bank Loan Bids

Begin forwarded message:

**From:** "Macchi, Allison" <allison.macchi@rbccm.com>  
**Date:** May 27, 2021 at 11:29:21 AM EDT  
**To:** Charles Braun <cbraun@cmths.org>  
**Cc:** "Enters, Ellen M. (EEnters@foxrothschild.com)" <EEnters@foxrothschild.com>  
**Subject:** **Bank Loan Bids**

Hi Chuck,

Responses to the bank loan RFP were due this morning. We received 3 responses which are all attached for your review. I have also attached a summary of the bids received. TD came in with a pretty strong bid at a 1.11% fixed for the term and pre-payable anytime without penalty. I ran TD's bid on a preliminary basis in the model you are used to seeing and have attached it. While I think their bid is roughly 10bps over where the bond market would be as previously discussed the bank loan will allow us to avoid needing to go through the rating process and we would not need to put together an official statement making the process more streamlined. Similarly, the budget impact to the District's under this scenario is pretty attractive. I'm happy to walk through this information on a brief call if you have availability later this afternoon or tomorrow morning so Ellen has direction for your meeting next Wednesday.

Best,  
Allie

Allison L. Macchi  
Director, Municipal Finance  
RBC Capital Markets, LLC  
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