

Memorandum



To: Cathy Huber Nickerson, Finance Director, City of Camas, Washington

From: Scott Nash, Stephanie Warner and Julie Elliott, Bank of America, N.A.

Date: June 12, 2020

Subject: Bank of America Amendment and Extension offer for the Limited Tax General Obligation Bond Anticipation Note, 2014

Bank of America, N.A. ("Bank") is providing herewith our extension and amendment offer to the City of Camas, Washington ("City") Limited Tax General Obligation Bond Anticipation Note, 2014 via an amendment. The amendment will need to close or the balance of draws need to be repaid and the BAN canceled on or before August 6, 2020.

We have internal approval to offer the City the following:

- **Credit Facility:** Extension of the 2014 Limited Tax General Obligation Bond Anticipation Note in the amount of \$7,000,000 dated August 6, 2014 (the "Facility")
- **Purpose:** Proceeds of the Facility shall be used for capital expenditures. The City will indicate to the Bank whether each draw is taxable or tax-exempt.
- **Pricing/Fees:**
 - Tax-Exempt LIBOR Daily Floating Rate Option: 80% of the Daily Floating Rate, plus 1.20%
 - Tax-Exempt LIBOR Fixed Rate: 80% of LIBOR Fixed Rate, plus 1.20%
 - Taxable LIBOR Daily Floating Rate Option: LIBOR Daily Floating Rate, plus 1.50%
 - Taxable LIBOR Fixed Rate Option: LIBOR Fixed Rate plus 1.50%
 - Minimum LIBOR Daily or Fixed Rate (Floor): .75%
 - Unused commitment fee: .65%
 - Bank Renewal Fee: \$7,000 payable at closing, or soon thereafter, assuming extension in the form of an amendment.
- **Preliminary Credit Approval:** We have preliminary credit approval for this extension, pending final documentation. (See "Credit Approval", below)
- **Documentation:** We anticipate that the proposed extension will be executed via an amendment to existing documentation and drafted by Bond Counsel
- **Legal Opinion:** City to provide a legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel, that the resolution and all documents related to renewal of the Facility have been properly adopted, authorized and executed.
- **Document changes to include:**
 - **Expiration/Maturity Date of 2020 Extension:** 8/8/2022
 - **Facility Minimum Amount:** \$5,000,000
 - **Certain regulatory / legal updates:** including: OFAC, USA PATRIOT Act, QFC Stay Protocol
 - **LIBOR Replacement Index/indices:** the Bank, in its absolute discretion, to provide: Replacement LIBOR index, updated interest rate spreads thereto and the timing of the change to the new index thereof. Such replacement index shall be applied in a manner as reasonably determined by the Bank.

- **Note:** *SIFMA replacement language (to be activated in the future) can be included in the Amendment for tax-exempt draws, subject to higher bank renewal fee and bank counsel fee. Alternatively, the LIBOR index can be removed now and replaced with SIFMA as part of the amendment for the tax-exempt draws, subject to a higher bank counsel fee.*
- **Expenses:** City will pay all costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the renewal of the Facility, including the Bank's attorney's fees, the Bank Renewal Fee and all City expenses.
 - **Bank counsel fees** (Nixon Peabody – Rudy Salo) for such amendments is \$5,000. To the extent that Bond Counsel may prefer to take the approach of executing a new credit agreement (rather than amendments), then bank counsel Fees will increase. Bank Counsel fees are due at closing, or soon thereafter.

Acceptance: To enable the Bank to engage legal counsel and to move forward with the above amendments, City Staff shall agree to recommend to the City Council before July 30, 2020 that the Bank provide the above amendments, pursuant to the terms and conditions stated herein. Please evidence your agreement with the foregoing sentence by email to the Bank prior to June 30, 2020. After June 30, 2020, the terms and conditions presented in this offer shall automatically expire.

Confidentiality: This Amendment and Extension offer contains terms and pricing information. It is the expectation of the Bank that until the Amendment is finalized, that this information will not be disclosed in whole or in part to any person, other than to your accountants, attorneys and professional advisors retained by you in connection with the Facility, without our prior written consent.

Credit Approval: This offer is intended only as an outline of certain of the material terms of the transaction and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the transaction contemplated hereby. This offer is not a commitment. It represents a willingness on the part of the Bank to seek approval to provide the commitment indicated herein and consummate a transaction based upon the terms and conditions outlined in this offer and is subject to: Final credit approval, absence of any material adverse change in the financial condition, operations or prospects of the City, 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 sole discretion of Bank, such additional due diligence as the Bank may require, and agreement as to all final terms and conditions and satisfactory documentation thereof (including satisfactory legal opinions)

No Fiduciary or Advisory Role: The City acknowledges and agrees that: (i) the transaction contemplated herein is an arm's length, commercial transaction between the City and the Bank in which the Bank is acting solely as a principal and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to the City; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank has provided other services or is currently providing other services to the City on other matters); (iv) the only obligations the Bank has to the City with respect to the transaction contemplated hereby expressly are set forth in this Extension Amendment Offer; and (v) the Bank is not recommending that the City take an action with respect to the transaction contemplated by this Extension Amendment Offer, and before taking any action with respect to the contemplated transaction, the City should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the City would like a municipal advisor in this transaction that has legal fiduciary duties to the City respectively, the City is free to engage a municipal advisor to serve in that capacity. This Amendment and extension offer is provided to the City pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

We appreciate the opportunity to present preliminary terms to you on behalf of the City. If you desire any additional information or have any questions, please do not hesitate to call Scott Nash at (415) 436-4379, Stephanie Warner at (206) 358-8305 or Julie Elliott at (206) 358-0806.