

CITY OF LYNDEN, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BOND, 2023

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ORDINANCE NO. 23-1672

AN ORDINANCE OF THE CITY OF LYNDEN, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,200,000 TO PROVIDE FUNDS TO COMPLETE CAPITAL PROJECTS OF THE CITY; AND ACCEPTING THE OFFER OF PEOPLES BANK TO PURCHASE THE BOND.

APPROVED ON AUGUST 21, 2023

PREPARED BY:

K&L GATES LLP

CITY OF LYNDEN, WASHINGTON  
ORDINANCE NO. 23-1672

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Exhibit A – Term Sheet

\* This Table of Contents and the cover page are not a part of this ordinance; they are included for convenience of the reader only.

ORDINANCE NO. 23-1672

AN ORDINANCE OF THE CITY OF LYNDEN, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,200,000 TO PROVIDE FUNDS TO COMPLETE CAPITAL PROJECTS OF THE CITY; AND ACCEPTING THE OFFER OF PEOPLES BANK TO PURCHASE THE BOND.

**WHEREAS**, the City of Lynden, Washington (the “City”) is in need of funds to complete a construction project (the “Project”); and

**WHEREAS**, the City is authorized by Title 35 and ch. 39.46 to issue general obligation bonds payable from, *inter alia*, regular tax levies of the City; and

**WHEREAS**, the City Council (the “Council”) has determined that all or a portion of the costs of the Project should be financed through the issuance of a limited tax general obligation bond of the City in the principal amount of not to exceed \$2,200,000 (the “Bond”); and

**WHEREAS**, the City has received the offer of the Peoples Bank to purchase the Bond in a commitment letter dated July 25, 2023 (the “Term Sheet”) which offer this Council wishes to accept and approve;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNDEN, WASHINGTON, DOES ORDAIN, as follows:**

Section 1. Definitions. As used in this ordinance, unless a different meaning clearly appears from the context:

**Bank** means Peoples Bank, Lynden, Washington

**Bond** means the City of Lynden, Washington Limited Tax General Obligation Bond, 2023, to be issued in the aggregate amount of not to exceed \$2,200,000 issued pursuant to this ordinance.

**Bond Counsel** means K&L Gates LLP.

**Bond Fund** means the Limited Tax General Obligation Bond Redemption Fund, 2023 created pursuant to Section 9 of this ordinance.

**Bond Register** means the registration records maintained by the Bond Registrar for the purpose of identifying ownership of the Bond.

**Bond Registrar**, initially, means the Finance Director. At any time following the issuance of the Bond, however, the Finance Director may determine to appoint a different Bond Registrar, including, but not limited to the fiscal agent of the State of Washington. The term **Bond Registrar** also shall include any successor Bond Registrar appointed by the Finance Director as permitted by law.

**City** means the City of Lynden, Washington, a municipal corporation of the State of Washington.

**City Administrator** means the duly qualified, appointed and acting City Administrator of the City, or any other officer who succeeds to the duties now delegated to that office.

**Closing Date** means the date of issuance and delivery of the Bond to the Bank.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

**Council** means the City Council as the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

**Designated Representative** means any of the following: (a) the Mayor and/or (b) the Finance Director or (c) any official or employee of the City designated in writing by any of the foregoing.

**Final Maturity Date** means December 1, 2038.

**Finance Director** means the duly qualified, appointed and acting Finance Director of the City, or any other officer who succeeds to the duties now delegated to that office.

**Interest Rate** means 5.18%.

**Mayor** means the duly qualified, elected and acting Mayor of the City, or any other person who succeeds to the duties now delegated to that office.

**Project** means the remodeling of the fire station.

**Project Fund** means the fund maintained pursuant to Section 7 of this ordinance.

**Registered Owner** means the person named as the registered owner of a Bond in the Bond Register.

**Rule** means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**SEC** means the United States Securities and Exchange Commission.

**Term Sheet** means the Term Sheet from the Bank dated July 25, 2023 and attached hereto as Exhibit A.

Interpretation. In this ordinance, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Project; Authorization of Bond and Bond Details.

(a) *Project.* The City is remodeling its fire station. It is anticipated that the entire proceeds of the Bond will be used for completing the remodeling project. Nevertheless, in the event that Bond proceeds remain unspent upon completion of the remodeling project, the proceeds may be used for other capital purposes approved by the Council (collectively, with fire station project, the “Project”). The proceeds of the Bond shall be used to fund or reimburse the City for the costs of the Project and for the costs of selling the Bond.

(b) *Authorization of Bond and Bond Details.* For the purpose of funding or reimbursing the costs of the Project and paying the costs of issuance related thereto, the City shall issue its limited tax general obligation bond in the principal amount of not to exceed \$2,200,000 (the “Bond”).

The Bond shall be designated as the “City of Lynden, Washington, Limited Tax General Obligation Bond, 2023,” shall be dated as of the Closing Date, shall be fully registered as to both principal and interest, shall be issued as a single fully registered

bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bond shall bear interest at the per annum Interest Rate, payable on the date(s) and maturing in principal amount(s) set forth in the form of the Bond (set forth in Section 5 of this ordinance. The Bond shall be payable in annual installments of interest and principal, with the first payment due on December 1, 2024 and the final payment due on the Maturity Date.

Section 3. Registration, Exchange and Payments. The City's Finance Director shall act as Bond Registrar. The duties of the Bond Registrar hereunder shall be limited to authenticating the Bond and to remitting money to the Bank on the payment dates as provided therein. Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check, wire, or electronic transfer on the date due to the Bank; *provided, however,* upon final payment of all installments of principal and interest thereon, the Bond shall be submitted to the Bond Registrar for cancellation and surrender.

The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond and to carry out all of the Bond Registrar's powers and duties under this ordinance.

The Bond shall not be transferable, except in whole to a financial institution subject to the further limitations set forth in the Term Sheet.

Section 4. Prepayment. The Bond shall be subject to prepayment, if any, commencing after December 1, 2028, as provided in the Term Sheet.

Section 5. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

[\$2,200,000]

STATE OF WASHINGTON

CITY OF LYNDEN

LIMITED TAX GENERAL OBLIGATION BOND, 2023

INTEREST RATE: 5.18% per annum

FINAL MATURITY DATE: December 1, 2038

REGISTERED OWNER: PEOPLES BANK  
P.O. BOX 233  
LYNDEN, WA 98264

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TAX IDENTIFICATION #: \_\_\_\_\_

PRINCIPAL AMOUNT: TWO MILLION TWO HUNDRED THOUSAND] AND NO/100 DOLLARS

THE CITY OF LYNDEN, WASHINGTON, a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington (the "City"), hereby acknowledges itself to owe, and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount specified above, together with interest thereon, at the Interest Rate, payable in annual installments as set forth below:

### AMORTIZATION SCHEDULE

<b>Principal</b> \$2,200,000.00	<b>Loan Date</b> 08-10-2023	<b>Maturity</b> 12-01-2038	<b>Loan No</b> 5012601-201	<b>Call / Coll</b> A	<b>Account</b> 14959	<b>Officer</b> 1124	<b>Initials</b>
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

**Borrower:** CITY OF LYNDEN  
300 4th STREET  
LYNDEN, WA 98264-1905

**Lender:** PEOPLES BANK  
LYNDEN OFFICE  
418 GROVER STREET  
PO BOX 233  
LYNDEN, WA 98264  
(800) 584-8859

**Disbursement Date:** August 10, 2023  
**Interest Rate:** 5.180

**Repayment Schedule:** Installment  
**Calculation Method:** 365/365 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	12-01-2024	217,811.36	149,267.21	68,544.15	2,131,455.85
2	12-01-2025	217,811.36	110,383.79	107,427.57	2,024,028.28
3	12-01-2026	217,811.36	104,844.66	112,966.70	1,911,061.58
4	12-01-2027	217,811.36	98,992.99	118,818.37	1,792,243.21
5	12-01-2028	217,811.36	92,859.74	124,951.62	1,667,291.59
6	12-01-2029	217,811.36	86,345.66	131,465.70	1,535,825.89
7	12-01-2030	217,811.36	79,555.78	138,255.58	1,397,570.31
8	12-01-2031	217,811.36	72,394.14	145,417.22	1,252,153.09
9	12-01-2032	217,811.36	64,876.58	152,934.78	1,099,218.31
10	12-01-2033	217,811.36	56,926.29	160,885.07	938,333.24
11	12-01-2034	217,811.36	48,605.66	169,205.70	769,127.54
12	12-01-2035	217,811.36	39,840.81	177,970.55	591,156.99
13	12-01-2036	217,811.36	30,629.04	187,182.32	403,974.67
14	12-01-2037	217,811.36	20,921.03	196,890.33	207,084.34
15	12-01-2038	217,811.36	10,727.02	207,084.34	0.00

**TOTALS:** 3,267,170.40 1,067,170.40 2,200,000.00

**NOTICE:** This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

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Interest shall be calculated on the basis of a 365 day year and actual days elapsed.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Payments made to the Registered Owner shall be applied first to accrued interest and then to principal as of the date such payment is actually received by the Registered Owner. Installments of the principal of and interest on this bond shall be paid by check or draft of the Finance Director of the City (the "Bond Registrar") mailed on

the date such principal and interest is due or by electronic funds transfer made on the date such interest is due to the Registered Owner at the address appearing on the Bond Register. Upon final payment of all installments of principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation and surrender.

This bond may be prepaid in accordance with the terms set forth in the Term Sheet included as Exhibit A to Ordinance No. 23-1672 of the City Council adopted on August 21, 2023 (the "Bond Ordinance).

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and the Bond Ordinance. Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar.

This bond is issued pursuant to the Bond Ordinance for providing funds to complete the fire station remodeling project and for other capital projects of the City.

By the Bond Ordinance, the City has irrevocably covenanted that, unless the principal of and interest on this bond are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City subject to taxation for the payment of debt service on the Bond in amounts sufficient to pay such principal and interest as provided in the Bond. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the payment of such principal and interest.

This bond has been designated by the City as a "qualified tax-exempt obligation" for investment by financial institutions under Section 265(b) of the Code.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Lynden, Washington, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor, to be attested by the manual or facsimile signature of the Clerk of the City, and a facsimile of the seal of the City to be impressed, imprinted or otherwise reproduced hereon, as of this \_\_\_\_ day of \_\_\_\_\_, 2023.



[SEAL]

CITY OF LYNDEN, WASHINGTON

By           /s/ manual or facsimile signature            
Mayor

ATTEST:

          /s/ manual or facsimile signature            
City Clerk

The Certificate of Authentication for the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is the bond described in the within-referenced Bond Ordinance as the City of Lynden, Washington Limited Tax General Obligation Bond, 2023, dated \_\_\_\_\_, 2023.

FINANCE DIRECTOR OF THE CITY  
OF LYNDEN, as Bond Registrar

By \_\_\_\_\_  
Authorized Signer

Section 6. Execution of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk, and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. The Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this ordinance unless and until a Certificate of Authentication, in the form hereinbefore recited, has been manually executed by or on behalf of the Bond Registrar or its duly designated agent.

In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, the Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Bond are the proper officers of the City, although at the original date of the Bond any such person shall not have been such officer of the City.

Section 7. Project Fund; Disposition of Bond Proceeds. The proceeds of the Bond shall be deposited into a project account and used to pay or reimburse the City for the costs of the fire station remodeling project and, if unspent funds remain, other capital projects of the City and to pay costs of issuance of the Bond.

The Finance Director shall invest the net proceeds of the Bond in such obligations as may now or hereafter be permitted to cities of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, if any, may be used for City purposes or transferred to the Bond Fund for the uses and purposes therein provided.

Section 8. Tax Covenants; Special Designation.

(a) *Arbitrage Covenant.* The City hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code which will cause the Bond to be an “arbitrage bond” within the meaning of said section and said regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable regulations thereunder throughout the term of the Bond.

(b) *Designation under Section 265(b) of the Code.* The City hereby designates the Bond as a “qualified tax-exempt obligation” for purchase by financial institutions pursuant to Section 265(b) of the Code. The City does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during the year 2023 (excluding obligations permitted by the Code to be excluded for purposes of the City’s qualification as a qualified small issuer).

Section 9. Bond Fund and Provision for Tax Levy Payments. A special fund of the City known as the “Limited Tax General Obligation Bond Redemption Fund, 2023” which fund or account may be designated or re-designated in accordance with the practices of the City from time to time (the “Bond Fund”), is hereby authorized to be established and maintained in the office of the Finance Director of the City. The taxes hereafter levied for the purpose of paying principal of and interest on the Bond and other funds to be used to pay the Bond shall be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bond. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City funds.

The City hereby irrevocably covenants and agrees for as long as the Bond is outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such

purposes, to pay the principal of and interest on the Bond as the same shall become due. All of such taxes so collected and any other money to be used for such purposes shall be paid into the Bond Fund.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bond will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bond. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bond as the same shall become due.

Section 10. Sale of the Bond The City Council hereby ratifies and confirms its acceptance of the Bank's Term Sheet and to issue the Bond on the terms specified therein and in this resolution. The proper officials of the City are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bond and the items required to be delivered to the Bank under the terms of the Term Sheet and for proper use and application of the proceeds of sale thereof. The City shall pay \$5,500 (.25% of the initial principal amount of the Bond) as a loan origination fee.

Section 11. Undertaking to Provide Information. The City is exempt from the ongoing disclosure requirements of the Rule by reason of the exemption set forth in subsection (d)(1) of that Rule with respect to the issuance of securities in authorized denominations of \$100,000 or more. The City may undertake to provide certain City operational or financial information to the Bank during the term of the Bond.

Section 12. Ordinance and Laws a Contract with the Bank. This ordinance is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the loan made by the Bank, evidenced by the Bond, the provisions of this ordinance and of said laws shall constitute a contract with the Bank, and the obligations of the City and its Council under said laws and under this ordinance shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Bond set forth shall be for the equal benefit of the Bank and any permitted transferee or assignee.

Section 13. Ratification; General Authorization. The Mayor and Finance Director and other appropriate officers of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 14. Severability. If one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement

or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 15. Effective Date. This ordinance shall be effective five days from its passage and publication as required by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF LYNDEN, WASHINGTON, BY AN AFFIRMATIVE VOTE \_\_\_\_\_ IN FAVOR, \_\_\_\_\_ AGAINST, AND SIGNED BY THE MAYOR THIS \_\_\_\_\_ DAY OF AUGUST, 2023.

CITY OF LYNDEN, WASHINGTON

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

SUMMARY

ORDINANCE NO. 23-1672

AN ORDINANCE of the City of Lynden, Washington, providing for the issuance and sale of a Limited Tax General Obligation bond in the principal amount of not to exceed \$2,200,000 to provide funds to complete capital projects of the City; and accepting the offer of Peoples Bank to purchase the bond.

The full text of this ordinance will be mailed upon request. Contact \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_.

## CERTIFICATE

I, the undersigned, City Clerk of the City of Lynden, Washington (the "City") and keeper of the records of the City Council (the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 23-1672 of the City Council (the "Ordinance"), duly passed at a regular meeting thereof held on the 21st day of August, 2023.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of August, 2023.

---

City Clerk

## EXHIBIT A

Peoples Bank

P.O. Box 233  
Lynden, WA 98264-0233  
(360) 354-4044  
www.peoplesbank-wa.com  
24-Hour Bankline: (800) 807-3777

July 25, 2023

City of Lynden  
300 4th Street  
Lynden, WA 98264  
Attention: Anthony Burrows Finance Director

Re: Commercial Loan Commitment

Dear Mr. Burrows,

We are pleased to inform you that Peoples Bank is offering to purchase a General Obligation Bond from the City, subject to the following terms and conditions. These terms and conditions may not be all-inclusive but are intended to generally describe this conditional commitment provided to you.

1. **ISSUER:** City of Lynden
2. **AMOUNT:** \$2,200,000.00
3. **PURPOSE OF BOND:** Establish a Term loan in exchange for the City's limited tax general obligation bond.
4. **COLLATERAL:** The General Obligation Bond (Loan) will be secured by the full faith and credit of the City of Lynden.
5. **TERM:** A maximum 15 years plus 4 months (184 months).
6. **INTEREST RATE:** A fixed rate of interest, for the full term, based upon the 15-year FHLB fully amortizing rate (index) + 0.5% (the margin). The indicative rate today is 5.15%. It is anticipated that the rate will be set at the time the Bank draws documents prior to closing. Closing is anticipated to be on or before September 1<sup>st</sup>, 2023. Closing is the date of issuance and delivery of the Bond to the Bank.
7. **LOAN FEES:** An origination fee of 0.25% or \$5,500.00 is due upon closing (purchase).
8. **REPAYMENT TERMS:** Fully amortizing payments of principal and accrued interest are to be made annually. The first payment will be due 12/1/2024, and all subsequent payments are due on the first day of December after that. The final payment will be due at maturity on 12/1/2038, for all principal and accrued interest and all charges not yet paid.

9. **PREPAYMENT PREMIUM:** The City will not have the right to prepay principal of this bond in advance of the scheduled payments until after 12/1/2028. After 12/1/28 the City may pay down additional principal without penalty, subject to:
- a) If the principal is prepaid in full, a penalty will be assessed based on the original principal (\$2,200,000) amount; 5% on or before 12/1/2029, 4% on or before 12/1/2030, 3% on or before 12/1/2031, 2% on or before 12/1/2032, and 1% on or before 12/1/2033. No prepayment penalty will be assessed after 12/1/2033.
  - b) The Bank will re-amortize the subsequent required annual payment(s) of principal and interest following any partial prepayment, based upon the remaining term to maturity.
  - c) At maturity (12/1/2038) the remaining principal and interest and charges (if any) is all due and payable.
10. **SPECIAL TERMS and CONDITIONS:**
- a) Cynthia Weed of K&L Gates LLP (Bond Council) will provide the Bond upon receiving the approved Ordinance/Resolution from the City, in conformance with the terms set forth by the Bank.
  - b) Provide a legal opinion from Bond Counsel (Cynthia Weed) at closing that this Bond is:
    - i) Legally issued and constitutes a valid and binding general obligation of the City.
    - ii) The City has designated the Bond as a “qualified tax-exempt obligation”.
  - c) It is anticipated that the fixed interest rate will be set before closing, so that an amortization schedule can be provided to bond counsel, who will incorporate that information into the bond.
11. **ACCEPTANCE:** This commitment is not binding unless signed by Issuer and received by us by 5:00 p.m. on August 25<sup>th</sup>, 2023 at which time the commitment will expire without notice if not so accepted. If, after acceptance, the bond purchase has not closed by September 1<sup>st</sup>, 2023 this commitment will expire without notice.



**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

If this conditional commitment is acceptable to you, please sign and return the enclosed copy of this letter prior to the final date of acceptance indicated in Acceptance paragraph above.

We look forward to working with you!

Sincerely,



Peoples Bank

By: Jeffrey H. Jansen

Its: VP/ CLO

Acknowledged and accepted this 27 day of July.

Borrower CITY OF LYNDEN

By: 

Its: FINANCE DIRECTOR