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Leana Kinley
City Administrator
City of Stevenson, Washington
7121 East Loop Road
Stevenson, Washington 98648
via email: leana@ci.stevenson.wa.us

Re: Water and Sewer Revenue Bond – Revised

We appreciate the opportunity to serve again as bond counsel to the City of Stevenson, Washington (the “City”). The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as the City’s bond counsel in connection with the issuance of the following obligations: approximately \$873,000 principal amount limited tax general obligation or water and sewer revenue bond anticipation note to finance the acquisition, construction, and installation of additions, betterments, and extensions of the water and sanitary sewage disposal system; and approximately \$873,000 principal amount water and sewer revenue bond to repay the indebtedness evidenced by the bond anticipation note.

The bond will be purchased by the United States Department of Agriculture, Rural Development (the “USDA”). USDA regulations require the City to retain bond counsel to deliver an opinion that the bond is a valid and binding obligation of the City.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties: (i) subject to the completion of proceedings to our satisfaction, deliver our legal opinions (the “Opinions”) regarding the validity and binding effect of the obligations, the source of payment and security for the obligations, and, if applicable, the exclusion of interest on the bond anticipation note from gross income for federal income tax purposes; (ii) prepare and review documents necessary or appropriate to the authorization, issuance, and delivery of the obligations, and coordinate the authorization and execution of such documents; and (iii) review legal issues relating to the structure of the obligations.

The Opinions will be addressed to the City and will be delivered by us on the dates the obligations are issued in exchange for their purchase prices (the “Closings”). The Opinions will be based on facts and law existing as of their dates. In rendering our Opinions, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without

undertaking to verify the same by independent investigation. During the course of this engagement, we will rely on the City to provide us with complete and timely information on all developments pertaining to any aspect of the obligations and their security. We understand that officials and employees of the City will cooperate with us in this regard.

ATTORNEY-CLIENT RELATIONSHIP

Our services as bond counsel regarding the obligations are limited to those described in this letter. The City's execution of this letter will constitute an acknowledgment of those limitations. Our representation of the City regarding the obligations will be concluded upon the issuance of the obligations. Subsequent to the Closings, we will prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the obligations.

CONFLICTS

Our firm represents many political subdivisions, companies, and individuals. It is possible that during the time that we are representing the City, one or more of our present or future clients will have transactions with the City. We do not foresee that any such representation, if it occurs, will adversely affect our ability to represent the City as provided in this letter, either because such matters will be sufficiently different from the issuance of the obligations so as to make such representations not adverse to our representation of the City, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the obligations. Execution of this letter will signify the City's consent to our representation of others consistent with the circumstances described in this paragraph.

FEES

Based upon our current understanding of the terms, structure, size, and schedule of the financing represented by the obligations; the duties we will undertake pursuant to this engagement letter; and the responsibilities we will assume in connection therewith, our fees and expenses will not exceed \$10,000 for all legal services relating to the authorization, issuance, and delivery of the obligations.

Our invoice for legal services will be presented to the City following the Closings, as follows: not to exceed \$6,000 upon Closing of the bond anticipation note and not to exceed \$4,000 upon Closing of the bond.

RECORDS

Upon request, papers and property furnished by you will be returned promptly. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

If the foregoing terms are acceptable please have a copy of this letter signed by an authorized official and return the signed copy to us either by email or hard copy. We look forward to working with you.

Very truly yours,

FOSTER GARVEY PC



Marc R. Greenough

Accepted and Approved:

CITY OF STEVENSON, WASHINGTON

By: _____

Title: _____

Date: _____