



Cashmere Valley Bank

February 15, 2024

Honorable Mayor and City Council
City of Stevenson, Washington
7121 E. Loop Road
PO Box 371
Stevenson, WA 98648

Dear Mayor and Members of the City Council

Thank you for the opportunity to propose an offer to provide an amended line of credit in support of the wastewater project for the City of Stevenson, Washington (the "City") with the United States Department of Agriculture Rural Development ("RD"). Capitalized terms used herein but not defined shall have the meaning ascribed to such terms in the City's Ordinance 2021-1171 adopted February 18, 2021. Cashmere Valley Bank (the "Bank") has approved the borrowing facility outlined in this commitment letter under the following terms:

1. Borrower: City of Stevenson, Washington
2. Amount: \$873,000
3. Form: Fully registered tax-exempt Limited Tax General Obligation Bond Anticipation Note (Non-Revolving Line of Credit) (the "Note") issued by the City and purchased by the Bank at private sale.
4. Purpose: To provide funding for the City's Project as more fully described in the City Ordinance No. 2021-1171 adopted on February 18, 2021.
5. Note Description and Terms:
 - a) Interest Rate: The outstanding principal balance of the Note will bear interest at a bank qualified tax-exempt fixed rate of 5.62% *per annum*. Interest will accrue on the basis of 30/360 consisting of a 360-day year of twelve months.
 - b) Term: The Note will mature on April 16, 2025 (the "Maturity Date"). Interest on the Note shall be payable semiannually on each April 1, and October 1, commencing April 1, 2024. Principal of the Note is payable on the Maturity Date or the date of prior redemption. Interest on the Note is payable from Draws on the Note.
 - c) Draws: Draws on the Note can be made on any business day prior to the Maturity Date in an amount no less than \$25,000. A draw request must be accompanied by an approval of the draw amount from an authorized representative of RD. Draw

proceeds will be wire transferred into an account at the bank designated by the City. For same day funding, draw requests will need to be received and confirmed by the Bank by 11 am.

- d) **Security:** The Note will be repaid from proceeds of the Bond. The Note may also be repaid from other short-term obligations, other money legally available and to be used therefor and from Net Revenue as defined in the City's Ordinance. The Note will also constitute a general indebtedness of the City payable from tax revenues of the City. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Note.
- e) **Transferability:** The Bank will hold the Note with no intent to sell or transfer. The Note may be transferred only (i) in whole; (ii) to a single investor that is a 'qualified institutional buyer' as defined in United States Securities and Exchange Commission Rule 144A; (iii) if endorsed in the manner provided hereon and surrendered to the Registrar; and (iv) if the transferee provides the Registrar with an executed transfer certificate in substantially the form attached to the Note. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering the transfer certificate) and shall be recorded on the Note Register.
- f) **Prepayment:** The City may prepay the Note, in whole or in part, at any time. The Bank will not charge a prepayment fee on any amounts prepaid by the City.

6. **Fees:** There is no fee due to the Bank. The City would be responsible for all other costs of issuing the Note.

7. **Additional Terms:**

The Note documents would be prepared by bond counsel to the City, would be in the standard forms customarily required by the Bank for municipal funding, and would include additional terms and conditions not discussed above. At closing, the financial condition and credit of the City and all other features of this transaction would be as represented to the Bank without material adverse change including the terms and status of the RD loans and grants, as supported by the documentation supplied by the City to the Bank as of the closing date. In the event of adverse material changes in the credit worthiness of the City, including litigation involving or claims filed against the City, any future offers or commitments would terminate upon notice by the Bank. RD must concur with this agreement for interim financing as stipulated in their Letter of Conditions dated April 16, 2020 and as may be subsequently modified ("Letter of Conditions"). Any future commitment would be non-assignable by the City. The City would designate the Note as a "qualified tax-exempt obligation" under section 265(b)(3) of the IRS Code for investment by financial institutions. The City would also be required to

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Limited Tax General Obligation Bond Anticipation Note, 2021
(Non-Revolving Line of Credit)
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send the Bank an annual financial report for as long as the Note is outstanding.

8. Acceptance: This commitment is not binding unless the Bank receives a signed copy of this letter by February 28, 2024 at which time the commitment will expire without notice.
9. Closing: The Note is anticipated to close on or about February 29, 2024.

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.

Thank you for the opportunity to work with the City on this project.

Sincerely,



Tom Brown
Vice President, Municipal Finance Manager

Acknowledged and accepted this ___ day of _____, 2024

CITY OF STEVENSON, WASHINGTON

Leana Kinley, City Administrator

cc: Marc Greenough, Foster Garvey PC
Marti Canatsey, USDA RD

