Tuesday, August 18, 2020
Electronic City Council Special Meeting

5:30 P.M.
Special City Council Meeting - Electronic Attendance

Meeting may be viewed at:Live Stream on City of College Place, Washington YouTube at https://www.youtube.com/channel/UCbx3qrqzLDL_05NusReSl-g/featured

Or you may call this number to listen: 1-669-900-9128 ID#944 0301 7087

1. Opening Items.

Subject :	1.01 Council Reference Materials
Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	1. Opening Items.
Access :	Private
Type :	Information
Subject :	1.02 Call To Order
Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	1. Opening Items.
Access :	Public
Type :	Procedural

Public Content

Mayor Hernándezwill call the meeting to order.

Subject :	1.03 Pledge of Allegiance
Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	1. Opening Items.
Access :	Public
Type :	Procedural

Public Content

"Ipledge allegianceto the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all."

Subject :	1.04 Moment of Silence for Reflection / Invocation - Any City Employee or Elected Official; delivering the invocation, does so in his/her capacity as a private citizen, and not in his /her official position as a city employee/elected city official.

Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	1. Opening Items.
Access :	Public
Type :	Procedural

2. Action Items.

Subject :	2.01 AB 20171 - Bond Counsel Services Agreement for USDA-RD Funding for the Southwest Sewer Project - Mr. Carleton
Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	2. Action Items.
Access :	Public
Type :	Action
Preferred Date :	Aug 18, 2020
Fiscal Impact :	Yes
Dollar Amount :	$14,500.00
Budgeted :	No
Recommended Action :	Motion to approve the contract for bond counsel services with Foster Garvey.

Public Content

Historical Perspective:

We have previously worked with Foster Garvey (previously Foster Pepper) on debt issuances. Most recently they assisted with the 2017 Water System Revenue bond, the CARS Project bond, and the Fire Engine Bond.

Information for Consideration:

As part of the funding package with USDA-RD for the South West Sewer project, they require the City of College Place to provide a revenue bond for $2,838,000. This bond will provide the financial security in support of the loan portion of the funding with USDA-RD. In order to facilitate the issuance of this bond, the USDA-RD requires us to have bond council representation. We have extensive experience with Foster Garvey and they have sufficient in-house experience and knowledge on the City to provide the necessary bond. State law does not require competitive bidding for hiring and retaining legal counsel including bond counsel. Bond counsel provide a professional service for which neither bids, nor RFPs or RFQs are required. As part of the Cities Financial Policies we have prepared a sole source justification for selection of Foster Garvey as bond council for this project.

File Attachments

Bond Counsel Contract.pdf (192 KB)
Bond Counsel Sole Source.pdf (109 KB)
Contract Detail - Bonding.pdf (169 KB)

Subject :	2.02 AB 20172 - Interim Bank Financing for the Southwest Sewer Project - Mr. Carleton

Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	2. Action Items.
Access :	Public
Type :	Action
Preferred Date :	Aug 18, 2020
Fiscal Impact :	Yes
Dollar Amount :	$5,000.00
Budgeted :	No
Recommended Action :	Motion to authorize the selection of WaFd Bank as provider of interim financing for the loan portion of funding by USDA-RD on the Southwest Sewer project.

Public Content

Historical Perspective:

The City has been offered a funding package for the Southwest Sewer project by USDA-RD in the amount of $6,164,000. Of the total amount of funding, $2,838,000 will be a loan through USDA-RD. As part of the funding agreement we are required to provide interim financing for the duration of the project in the amount of $2,838,000.

Information for Consideration:

Three banks were requested to submit a term sheet for the interim financing. The three banks were; Community Bank, Banner Bank, and WaFd Bank. A summary of the term sheets identified the following amounts:

Bank Contact Term Amount Rate Fees Ban Fees
Banner Bank Darwin Parker 24 months 2,838,000 2.41 3,500 7,095
WaFd Bank Pete Sullivan 6/1/2022 3,000,000 1.90 5,000 0
Community Bank John Kasberger 12 to 16 mths 2,838,000 5.25 42,750 0

The bank with lowest cost to the City is WaFed Bank

File Attachments

[Interim Financing Term Sheets.pdf (458 KB)]
[Contract Detail - Financing.pdf (88 KB)]

3. Closing Items.

Subject :	3.01 Adjournments
Meeting :	Aug 18, 2020 - Electronic City Council Special Meeting
Category :	3. Closing Items.
Access :	Public
Type :	Action

Recommended Action :	Motion to adjourn the meeting

Foster Garvey

Direct Phone (206) 447-6289
Direct Facsimile (206) 749-2057
stacie.amasaki@foster.com

August 6, 2020

Mr. Brian Carleton
Finance Director
City of College Place
625 S. College Avenue
College Place, WA, 99324
BCarleton@cpwa.us

Re: Engagement Letter for Bond Counsel Services Regarding Sewer Revenue Bond Financing

Dear Mr. Carleton:

We appreciate the opportunity to serve as bond counsel to the City of College Place, Washington (the "City"), in connection with the proposed issuance of a revenue bond in the maximum principal amount of $2,838,000 (the "Bond") to finance costs of completing the Southwest Sewer Project. The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City in connection with the issuance of the Bond. We understand the Bond will be purchased by the United States of America through the U.S. Department of Agriculture, Rural Development ("USDA"). USDA regulations require the City to retain bond counsel to render an opinion that the Bond is valid. USDA regulations also require the City to secure "interim financing" (typically a line of credit with a local bank) to cover costs during the construction period, pending the issuance of the Bond. We understand the City intends to secure a third-party line of credit to cover costs during the construction period (a "Note") pending the issuance of the Bond. Our services in that separate transaction would be substantially similar. Except when specifically distinguished, any references in this letter to services provided for the Bond should be applied to the issuance of a Note as well.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties: (i) subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Opinion") regarding the validity and binding effect of the Bond, the source of payment and security for the Bond, and for purposes of a Note the excludability of interest on the Note from gross income for federal tax income purposes; (ii) prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bond, and coordinate the authorization and execution of such documents; and (iii) review legal issues relating to the structure of the Bond issue.

Our Opinion will be addressed to the City and will be delivered by us on the date the Bond is exchanged for its purchase price (the "Closing"). The Opinion will be based on facts and law existing as of its date. In rendering our Opinion, 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, and we will assume continuing compliance by the City after the Bond is issued with applicable laws relating to the Bond. 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 Bond and its security. We understand that officials and employees of the City will cooperate with us in this regard.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the City will be our client and an attorney-client relationship will exist between us. In this transaction we represent only the City, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel regarding the Bond are limited to those contracted for in this letter. The City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City regarding the Bond will be concluded upon issuance of the Bond. Nevertheless, subsequent to the Closing, we will prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bond.

CONFLICTS

Foster Garvey P.C. 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 Bond 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 Bond. Execution of this letter will signify the City's consent to our representation of others consistent with the circumstances described in this paragraph.

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.

FEES

Based upon (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bond, (ii) the duties we will undertake pursuant to this engagement letter and (iii) the responsibilities we will assume in connection therewith, our fee will be $14,500 for all legal services relating to the authorization, issuance and delivery of the Bond. Our fee would be $10,000 for legal services relating to the authorization, issuance and delivery of a Note to a third-party.

Our fee may increase if: (i) the principal amount of the Bond issue is significantly greater than the current estimate of $2,838,000; (ii) a supplemental loan from the USDA requires the issuance of one or more series of additional bonds; (iii) material changes in the structure or schedule of the financing occur; or (iv) unusual or unforeseen circumstances arise that require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimate, we will advise you. Our invoice for legal services will be presented to the City following the Closing. If for any reason, however, the financing represented by the Bond is completed without the delivery of our Opinion as bond counsel, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates for time actually spent on your behalf; provided that, (i) we submit a billing statement to the City that describes the time, legal services and expenses incurred on your behalf, and (ii) such compensation shall not exceed the amount of the fee that would have been paid had the Bond closed with our Opinion.

If the foregoing terms are acceptable, please have the Mayor sign and date two copies. Please return one copy to me and the remaining copy should be retained in the City's files. We look forward to working with you.

Sincerely,

FOSTER GARVEY P.C.

Stacie L. Amasaki

Accepted and Approved:

CITY OF COLLEGE PLACE, WASHINGTON

____

Mayor Norma L. Hernández
Date: ________________, 2020

Sole Source Justification Form

Project Name: Southwest College Place Trunkline and Lift Station

Date of Project: 09/2020 to 09/2021

Item: Project Bond Counsel for USDA-RD Loan/Grant

1. Describe the item and its function.
   We have used the Foster Garvey (formally Foster Pepper) in the past as Bond Counsel on certain projects. They will issue a bond and associated legal activities in relation to the issuance of the bond required by the USDA-RD.

2. The item is a sole source* because:

☐sole provider of a licensed or patented good or service

☐sole provider of items that are compatible with existing equipment, inventory, systems, programs or services

■sole provider of goods and services for which the City has established a standard**

☐sole provider of factory-authorized warranty service sole provider of goods or services that will meet the specialized needs of the City or perform the intended function (detail below or in an attachment)

☐the vendor/distributor is a holder of a used item that would represent good value and is advantageous to the City (attach information on market price survey, availability, etc.)

3. What necessary features does this vendor provide which are not available from other vendors? Be specific.

Foster Garvey is well established with USDA-RD in the preparation and legal requirements of the bond required for this funding source. They have thorough knowledge of the City of College Place, and will provide the service quickly.

4. What steps were taken to verify that these features are not available

With their knowledge of College Place, any other company would have to spend time understanding the internal processes and would potentially delay the time to received the bonding.

Sole Source Justification Form

Department: Finance

Department Contact: Brian Carleton Phone: 509-394-8507

Requested Vendor: Foster Garvey

Vendor's Address: 1111 Third Avenue, Suite 3000, Seattle, WA 98101

Vendor Contact: Stacie Amanaki Phone: 206-447-6289

Cost Estimate: $14,500

If the cost of the sole source procurement is greater than the appropriate procurement threshold for department action, immediately contact the Purchasing Division or City Attorney's Office as appropriate.

My department's recommendation for sole source is based upon an objective review of the good/service being required and appears to be in the best interest of the City. I know of no conflict of interest on my part or personal involvement in any way with this request. No gratuities, favor, or compromising action have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials or firms been a deciding influence on my request to sole source this purchase when there are other known suppliers to exist.

Signature of Requestor — Date: 08/13/2020

Signature of Department Head or Designee — Date: 08-13-2020

Approval by Purchasing (when applicable) — Date

* Sole Source: only one vendor possesses the unique and singularly available capability to meet the requirement of the solicitation.

** Procurements of items for which the City has established a standard by designating a brand or manufacturer or by pre-approving via a testing shall be competitively bid if there is more than one vendor of the item.

SECTION II – LOAN AND GRANT TERMS

4. **Repayment** – The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.

Your loan will be scheduled for repayment over a period of 40 years. Payments will be equal annual amortized installments, beginning one year after closing. For planning purposes, use a 1.125% interest rate and an amortization factor of 31.19, which provides for a annual payment of $88,518.00. The precise payment amount will be based on the interest rate at which the loan is closed and may be different than the one above.

The payment due date will be established as the day that the loan closes. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided.

5. **Security** – The loan will be secured by a Revenue bond with 1st lien position in the amount of $2,838,000. The bond will be fully registered as to both principal and interest in the name of the United States of America, Acting through the United States Department of Agriculture.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or its authorizing law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

Additional security requirements are contained in RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," and RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)." A draft of all security instruments, including draft bond resolution, must be reviewed and concurred in by the Agency prior to advertising for bids. The bond resolution and Loan Resolution must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

6. **Electronic Payments** – Payments will be made on the day your payment is due through an electronic preauthorized debit system. You will be required to complete Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," for all new and existing indebtedness to the Agency prior to loan closing. It will allow for your payment to be electronically debited from your account on the day your payment is due.

7. **Construction Completion Timeframe** - All projects must be completed, and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit to the Agency a written request for extension of time with adequate

The project as proposed has been evaluated to be consistent with the National Environmental Policy Act. Other Federal, State, tribal, and local laws, regulations and or permits may apply or be required. If the project or any project element deviates from or is modified from the originally approved project, additional environmental review may be required.

11. Engineering Services – You have been required to complete an Agreement for Engineering Services, which should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance," or other approved form of agreement. The Agency will provide concurrence prior to advertising for bids and must approve any modifications to this agreement.

12. Contract Documents, Final Plans, and Specifications

a. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.

b. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids.

c. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

13. Legal Services – You have been required to execute a legal services agreement with your attorney and bond counsel, if applicable, for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a "not to exceed" amount for the services, including reimbursable expenses. RUS Bulletin 1780-7, "Legal Services Agreement," or similar format may be used. The Agency will provide concurrence prior to advertising for bids. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.

14. Property Rights - Prior to advertising for bids, you and your legal counsel must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights-of-way needed for the project. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation Assistance and Real Property

SW Sewer - Interim Financing Selection

Bank	Contact	Term	Amount	Rate	Fees	Ban
Banner Bank	Darwin Parker	24 months	2,838,000	2.41	3,500	7,095
WaFed Bank	**Pete Sullivan**	**6/1/2022**	**3,000,000**	**1.90**	**5,000**	
Community Bank	John Kasberger	12 to 16 months	2,838,000	5.25	42,750	

Banner Bank

August 13, 2020

City of College Place

ATTN: Brian Carleton, Finance Director
Norma Hernandez, Mayor

Dear Mr. Carleton and Ms. Hernandez:

Banner Bank ("Bank") is pleased to provide the following Interim Financing Proposal to the City of College Place ("City") in the amount of $2,838,000 for the City's "Wastewater 2020 Improvement" Project, which is to be permanently financed by the Rural Development Program of the United States Department of Agriculture ("Agency"). We anticipate this interim financing will be structured as a tax-exempt bank-qualified Revenue Bond Anticipation Note ("BAN").

The Bank's regional Commercial Banking Center ("CBC") located in Walla Walla will be responsible for servicing this interim financing. John Sullivan is the Bank officer at the CBC who is responsible for this BAN. John and this CBC team will handle all draws on BAN during construction. Payments of interest and principal on the BAN will also be handled locally.

This proposal does not constitute a commitment by the Bank to provide interim financing to the City, but is for the purpose of substantially representing the Terms and Conditions, based upon information provided under which the undersigned would seek formal approval within the Bank to provide interim financing to the City. These Terms & Conditions are not all-inclusive, but generally describe the proposal offered to you.

Borrower:	City of College Place ("City")
Amount:	$2,838,000 – Wastewater Project
Proposed Form:	Tax-exempt, Bank Qualified, Revenue Bond Anticipation Note ("BAN") in the form of a Non-Revolving Line of Credit
Term/Maturity:	24 months and Bank is open to a different term/maturity.
Fixed Interest Rate:	The indicative tax-exempt bank-qualified interest rate is 2.41% fixed for the 24-month life of the BAN. This interest rate is based upon current market interest rates and is subject to change, at the sole discretion of the Bank, if the closing on the BAN does not occur by October 15, 2020.

Interest Payments: BAN will be structured with interest payments due at maturity. Interest will be calculated on the outstanding balance of the BAN, based on the actual number of days elapsed over a year of 360 days. All payments will be applied first to accrued interest and then to principal on the date payments are actually received by the Bank.

Repayment: BAN will be structured with a single bullet payment of principal plus unpaid interest due and payable at maturity.

Prepayment: The City may prepay the obligation represented by the BAN in whole prior to maturity and the Bank will not charge a prepayment fee in conjunction with such prepayment.

Fees: City to pay Bank origination fee of 0.25% of BAN amount for this facility and Bank's out of pocket attorney fees in the fixed amount of $3,500 payable at closing.

No Bank charge for unused BAN Line of Credit fee ("Unused Line Fee").

City is responsible for its Bound Counsel fees and its financial advisor fees, if any.

Security: Irrevocable commitment by the City to use proceeds from the $2,838,000 USDA Rural Development ("Agency") Loan and/or related Agency Parity Bond Issue (hereinafter such credit facility referred to as "Agency Parity Bond") to repay Bank's interim financing including principal and interest, at or before the maturity of the BAN.

Other Terms and Conditions:

1. The City shall pledge the proceeds of the Agency Parity Bonds, which shall be the primary source of security for the Bank. As additional security, the City shall pledge, on a parity lien basis with the City's Agency Parity Bonds, all net revenue of the City's Wastewater system. Such pledge shall be declared to be a parity lien and charge on all net revenues of the City's Wastewater system.
2. The City Shall agree to remain at all times in compliance with the conditions set forth in the August 3, 2020 letter from the USDA Rural Development, including any amendments thereto, and shall further agree that failure to remain in compliance with said conditions shall constitute a default on the BAN.
3. A legal opinion from the City's Bond Counsel, satisfactory to the Bank, stating the following:
    a. All of the terms and conditions of the applicable BAN documents and the transactions described therein are in full compliance with Washington Law and Federal Law, are binding upon and enforceable against the City and do not violate the City's formation or constituent documents or any applicable law.
    b. The indebtedness being incurred is a legal, valid and binding obligation of the City.

c. The City's transaction with the Bank is a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the United States IRS Code ("Code") and the interest income to the Bank is exempt from federal income tax pursuant to Section 103 of the Code.
d. Confirming the authority of the City to incur the indebtedness.
e. Confirming that the City's Ordinance authorizing this indebtedness and irrevocably pledging for the security for repayment of this indebtedness are valid and authorized.

4. A letter from the USDA in relation to said project confirming:
   a. Final plans and specification have been prepared and approved.
   b. Bids have been taken
   c. City is prepared to award the construction contract
   d. The conditions of closing on the $2,838,000 USDA Rural Development loan can be met.
   e. Funds have been obligated for the project by the USDA Rural Development.
5. A copy of Ordinance passed by the City's Council authorizing the issuance of the BAN.
6. Bank receives the original executed registered BAN at closing.
7. Bank receives copy of IRS Form 8038-G for the BAN filed with IRS following closing.
8. Financial information as required by the Bank, including City's Annual Financial Statements/Reports, Final Audited Reports/Financial Statements, and Annual Budgets, as available.
9. BAN documentation to be prepared by the City's bond counsel and BAN documentation is subject to review and acceptance by the Bank and the Bank's legal counsel.

We appreciate the opportunity to present this proposal to you and eagerly await your response. If questions or comments should arise, please contact John Sullivan at 509-524-5620 or Darwin Parker at 509-735-0889.

Sincerely,

John Sullivan *Darwin W. Parker*

John Sullivan
Commercial Relationship Manager

Darwin W. Parker
Public Finance Officer

The contents of this document are confidential and are not to be shared with outside third parties with the exception of the City's accountants, attorneys and financial advisors unless required to do so by a public record request pursuant to the Washington Public Records Act.

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

Community BANK

1288 SE Commercial Drive, College Place, WA 99324
Ph: 509.593.5287 Fax: 509.525.9864

8/7/2020

City of College Place
625 S. College Avenue
College Place, WA 99324

RE: Sewer Extension Financing

Dear Mr. Carleton:

On behalf of Community Bank, I am pleased to provide this term sheet. Please understand that this is not a commitment to lend nor is it an offer to lend. Instead, this letter is intended to serve as a basis for both parties to reach an understanding of the terms of the potential loan(s) before investing further resources.

Purpose:	College Place Wastewater 2020 (Sewer Extension and Lift Station)
Borrower:	City of College Place
Amount:	$2,838,000
Terms:	The drawdown line of credit
Maturity:	12 to 16 months
Rate:	Prime plus 2.00%. If documented today the rate would be 5.25%.
Fee:	1.50% plus all out of pocket costs.
Collateral:	Unsecured
Reporting:	Annual audited financial statements and tax filings

The size of the request is above the lending limit of Community Bank. **A participating lender will be required.** The interest rate is subject to documentation of tax-exempt status by the City of College Place.

If you have any questions or require additional information, please contact me at 541-645-0637.

Sincerely,

John Kasberger

John Kasberger
Vice President & Commercial Loan Officer
Community Bank
541-645-0637

Information needed to complete an application:

City Approval
Borrowing Authority Documents
Documentation of Tax Exempt Status
3-5 years Financial Information
Environmental Assessment
Construction Documentation:

- Plans & Specs
- Cost Estimate
- Builders Contract
- Builders Information (financials, license, bonds, resume, list of work in process)

WaFd Bank

Pete Sullivan
Vice President
425 Pike Street
Seattle, WA 98101
206-626-8111
pete.sullivan@wafd.com

August 7, 2020

Brian Carleton
Finance Director
City of College Place
625 S. College Avenue
College Place, WA, 99324
BCarleton@cpwa.us

Regarding: $3,000,000 Non-Revolving Line of Credit

Dear Mr. Carleton:

We enclose a summary of terms and conditions outlining the proposed terms under which Washington Federal Bank N.A. (Wafd Bank) may extend credit to City of College Place. Please note that this is not a commitment to lend.

Wafd Bank appreciates the opportunity to provide our financing proposal. Please call Pete Sullivan at 206-626-8111 to discuss any questions or comments you may have regarding our proposal. We look forward to working with you.

Sincerely,

Pete Sullivan
Vice President

City of College Place
Financing Proposal

Parties to the Transaction:

BORROWER:	City of College Place (the "Borrower")
LENDER:	Washington Federal Bank N.A. (the "Bank")

The Facility:

FACILITY:	Non-Revolving Line of Credit (the "Credit Facility")
FACILITY AMOUNT:	$3,000,000 (not to exceed)
CLOSING DATE:	October 31, 2020 (estimated)
DRAWS	Draws under the Credit Facility may be requested on any banking day.
INTEREST CALCULATION:	All calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360-day year.
REPAYMENT:	The Borrower must repay the Credit Facility in semi-annual payments of accrued interest on June 1 and December 1, starting June 1, 2020
PREPAYMENT:	The Borrower may prepay the Credit Facility in whole or in part at any time without penalty.
MATURITY:	The Credit Facility will mature, and all unpaid principal and interest will be due and payable on 6/1/2022.
SECURITY:	The Credit Facility will also be secured by (1) the proceeds of the wastewater revenue bond that the Borrower intends selling to USDA Rural Development, or other purchaser; (2) a parity interest in all rates, charges and receipts arising from the operation or ownership of the Wastewater System, after the payment of Costs of Maintenance and Operation of the System (the "Net Revenue").

Fees and Expenses:

ORIGINATION FEE:	$0.00
UNUSED COMMITMENT FEE:	$0.00

BANK COUNSEL FEE:	$5,000 – Hillis, Clark, Martin & Peterson

Rates:

INTEREST RATE:	The rate below is firm until closing. 1.90% Tax-Exempt Fixed Rate Rates quoted are for the City of College Place, a Tax-Exempt entity.
EXPIRATION:	This proposal letter shall automatically expire on October 31, 2020.

Covenants and Financial Reporting Requirements:

COVENANTS:	Usual and customary for transactions of this type.
REPORTING REQUIREMENTS:	The Borrower shall provide the following information and statements in form and content acceptable to the Bank: *(a)* Within 270 days after the close of each financial year of the Borrower, the complete audited financial statements of the Borrower.

Description of Basic Terms and Conditions

DOCUMENTATION:

Documentation will be usual and customary for transactions of this type, including:

(a) A copy of the Resolution passed by the Council/Board authorizing the issuance of the Credit Facility;
(b) A receipt of the original signed Note or Bond at closing;
(c) The resolution or financing/bond purchase agreement ("Agreement"), prepared by bond counsel and subject to approval by Bank Counsel.
   i. The Agreement will include, but is not limited to, the terms and conditions outlined herein, as well as provisions that are customary and standard with respect to conditions precedent, representations and warranties, covenants, events of default and remedies;
(d) An unqualified legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel that:
   i. The resolution and all documents related to the Credit Facility have been properly adopted, authorized and executed; and
   ii. The resolution and all documents related to the Credit Facility constitute a legally binding obligation of the Borrower and enforceable according to their terms (subject to standard exceptions).

iii. Opinion of counsel that the term portion of the loan under the revolving line of credit option will be treated in parity with all other senior lien holders at the time of conversion.

EVENTS OF DEFAULT:	Usual and customary in transactions of this type including, without limitation the following: *(a)* Nonpayment of principal, interest, fees or other amounts; or a *(b)* Failure to perform or observe covenants/reporting requirements set forth in the loan documentation;

Description of the Process:

THE PROPOSAL:	This summary of terms 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 on the terms and conditions outlined in the proposal and is subject to: (a) Final credit approval (see "Credit Process" below), (b) Such any due diligence as Bank may require, and (c) Agreement as to all final terms and conditions and satisfactory documentation thereof (including satisfactory legal opinions).
CREDIT PROCESS:	The credit process will take approximately 4-weeks from the point at which the Bank is officially awarded the transaction and has in its possession all materials necessary to undertake a full credit analysis. Washington Federal is a Seattle based; FDIC insured financial institution with total assets in excess of $16 billion. Washington Federal and assigned contacts have specific experience in lending to governmental issuers.

Contacts:

BANK:	Washington Federal Bank N.A. Pete Sullivan 425 Pike Street Seattle, WA 98101 206-626-8111 pete.sullivan@wafd.com
BANK COUNSEL:	Hillis Clark Martin & Peterson P.S. Brandon Pond 999 Third Avenue, Suite 4600 Seattle, Washington 98104 206.470-7623 brandon.pond@hcmp.com

Agreement by the Borrower:

By signing below, the Borrower agrees to engage the Bank to provide the Credit Facility pursuant to the terms and conditions stated in this proposal, including the Borrower's responsibility for the Bank's legal fees even if closing & funding does not occur.

Please evidence your agreement with the foregoing by signing and returning a copy of this document to the Bank.

Accepted and Agreed to:

City of College Place

Signature: ________________________________ **Date:** __________

Printed Name: ____________________________

Disclosure:

The transaction contemplated by this term sheet is an arm's length, commercial transaction between you and the Bank, in which the Bank (i) is acting solely as a principal and for its own interest; (ii) is not acting as a municipal advisor or financial advisor to you; (iii) has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; and (iv) is not recommending that you take any action with respect to the transaction contemplated by this term sheet, and before taking any action with respect to the contemplated transaction, you should discuss the information contained herein with your own legal, accounting, tax, financial and other advisors, as it deems appropriate.

The only obligations the Bank has to you with respect to the transaction contemplated hereby are set forth in this term sheet. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity. This term sheet is provided to you pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rule of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

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.

conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure in the same format is required if no conflicts are anticipated.

Sample conflict of interest policies may be found at the National Council of Nonprofits website, https://www.councilofnonprofits.org/tools-resources/conflict-of-interest, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at http://www.irs.gov/pub/irs-pdf/i1023.pdf. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

b. **Contracts for Other Services/ Lease Agreements** – Drafts of any contracts or other forms of agreements for other services, including audit, management, operation, and maintenance, or lease agreements covering real property essential to the successful operation of the facility, must be submitted to the Agency for review and concurrence prior to advertising for bids.

Fully executed copies of any policies, procedures, ordinances, contracts, or agreements must be submitted prior to loan closing, with the exception of the conflict of interest policy, which must be in place prior to obligation of funds.

16. Closing Instructions – The Agency will prepare closing instructions as soon as the requirements of the previous paragraphs are complete, as well as a draft of the security instrument. Closing instructions must be obtained prior to advertising for bids.

17. Interim Financing – For all loans exceeding $500,000, where loan funds can be borrowed at reasonable interest rates on an interim basis from commercial sources for the construction period, such interim financing will be used to preclude the necessity for multiple advances of Agency loan funds. You must provide the Agency with a copy of the interim loan financing agreement for review prior to advertising for bids. The Agency approving official may make an exception when interim financing is cost prohibitive or unavailable. Grant funds from the Agency will be disbursed by multiple advances through electronic transfer of funds after interim financing or Agency loan funds are expended, in accordance with RUS Instruction 1780.45.