



Cashmere Valley Bank

April 6, 2022

City of White Salmon, Washington  
100 N. Main St.  
White Salmon, WA 98672

To the Honorable City Council of the City of White Salmon, Washington,

Thank you for the opportunity to propose an offer to provide a line of credit in support of the White Salmon Transmission Main Project for the City of White Salmon, Washington (the "City") with the United States Department of Agriculture Rural Development ("RD"). Cashmere Valley Bank (the "Bank") has approved the borrowing facility outlined in this commitment letter under the following terms:

1. Borrower: City of White Salmon, Washington
2. Amount: \$2,333,000
3. Form: Fully registered tax-exempt Water Revenue 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 proceeds of Draws on the Note will be used to provide interim funding for improvements to the City's Water Utility.
5. Note Description and Terms:
  - a) Interest Rate: The outstanding principal balance of the Note would bear interest at a bank qualified, tax-exempt, fixed rate of 1.85%. Interest would be calculated on a basis of 30/360 with 12 months consisting of 30 days each.
  - b) Term: The Note will mature on December 1, 2023 (the "Maturity Date"). Interest on the Note shall be payable semiannually on each December 1, and June 1, commencing June 1, 2022 or the first June 1 or December 1 after the Initial Draw Date on the Note. Principal of the Note is payable on the Maturity Date or date of prior redemption.
  - c) Draws: Draws on the Note can be made on any business day in an amount greater than or equal to \$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

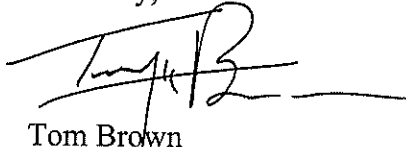
transferred into an account at the bank designated by the City. For same day funding, draw requests will need to be received and confirmed by the Bank by 11 am.

- d) **Security:** The Note will be repaid from proceeds of a revenue bond sold by the City to RD (the “Bond”). The Note may also be repaid from other short-term obligations or from Gross Revenue of the Water System or moneys in the Water Fund. The City will covenant to issue the Bond or another refunding water revenue obligation in an amount sufficient, with other moneys of the City, legally available and specifically set aside for such purpose, to pay the principal of and interest on the Note when due and on or prior to the Maturity Date.
  - e) **Transferability:** The Bank will hold the Note with no intent to sell or transfer. The Note may be assigned or transferred as provided in the Ordinance.
  - 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:** The Bank will charge an administration fee of \$500 for this credit facility, taken as a discount from the proceeds to the First Draw. The City will 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 June 15, 2021 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 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 April 25, 2022 at which time the commitment will expire without notice. If, after acceptance, the Note has not closed by May 5, 2022, 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.

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 \_\_\_\_\_, 2022

CITY OF WHITE SALMON, WASHINGTON

\_\_\_\_\_  
Designated Officer

cc: Scott McJannet, K&L Gates LLP  
Marti Canatsey, USDA Rural Development