

CITY OF WHITE SALMON, WASHINGTON
WATER REVENUE BOND ANTICIPATION NOTE, 2023
(NON-REVOLVING LINE OF CREDIT)

Not to exceed \$2,333,000

ORDINANCE NO. 2023-02-1123

AN ORDINANCE OF THE CITY OF WHITE SALMON,
WASHINGTON, AMENDING ORDINANCE NO. 2022-04-1101,
PASSED BY THE CITY COUNCIL ON APRIL 6, 2022, FOR
THE PURPOSE OF ACCEPTING THE OFFER OF CASHMERE
VALLEY BANK AND PROVIDING FOR THE TERMS OF THE
NOTE.

PASSED: FEBRUARY 1, 2023

Prepared By:

K&L GATES LLP
Seattle, Washington

CITY OF WHITE SALMON

Ordinance No. 2023-02-1123

Table of Contents*

	<u>Page</u>
Section 1. Amendment to Ordinance No. 2022-04-1101	2
Section 2. Amendment to Section 4 of Ordinance No. 2022-04-1101	2
Section 3. Amendment to Section 10 of Ordinance No. 2022-04-1101	3
Section 4. Amendment to Section 13 of Ordinance No. 2022-04-1101	4
Section 5. Amendment to Section 15 of Ordinance No. 2022-04-1101	6
Section 6. Confirmation of Ordinance No. 2022-04-1101	6
Section 7. Severability	6
Section 8. Prior Acts	6
Section 9. Effective Date	7
Exhibit A Form of Request for Draw	

* This Table of Contents and the cover page are provided for convenience only and is not a part of this ordinance.

CITY OF WHITE SALMON, WASHINGTON

**WATER REVENUE BOND ANTICIPATION NOTE, 2023
(NON-REVOLVING LINE OF CREDIT)**

Not to exceed \$2,333,000

ORDINANCE NO. 2023-02-1123

AN ORDINANCE OF THE CITY OF WHITE SALMON, WASHINGTON, AMENDING ORDINANCE NO. 2022-04-1101, PASSED BY THE CITY COUNCIL ON APRIL 6, 2022, FOR THE PURPOSE OF ACCEPTING THE OFFER OF CASHMERE VALLEY BANK AND PROVIDING FOR THE TERMS OF THE NOTE.

WHEREAS, the City of White Salmon, Washington (the “City”) operates a water supply and distribution system as part of its water utility (the “Water System”) which is in need of improvements (as hereinafter described more fully, the “Project”); and

WHEREAS, long-term financing for the Project will be provided by a loan from the United States Department of Agriculture, Rural Development (the “Government”), evidenced by a revenue bond secured by a pledge of Water System revenue (the “Bond”); and

WHEREAS, the City Council passed Ordinance No. 2022-04-1101 on April 6, 2022, providing for the issuance and sale of a Water Revenue Bond Anticipation Note in the principal amount of not to exceed \$2,333,000 (the “Note”) to evidence a non-revolving line of credit for the purpose of providing interim financing for the Project; and

WHEREAS, construction bids for the Project have been received and the City now wishes to undertake the Project and requires interim financing pending issuance and sale of the Bond to the Government; and

WHEREAS, the City has received the offer of Cashmere Valley Bank (the “Bank”), dated February 1, 2023 (the “Commitment Letter”), to provide a non-revolving line of credit to be evidenced by the Note authorized by Ordinance No. 2022-04-1101, as amended by this ordinance, under the terms set forth in the Commitment Letter; and

WHEREAS, it is now in the best interests of the City to accept the Bank’s Commitment Letter and amend Ordinance No. 2022-04-1101;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WHITE SALMON, WASHINGTON, DO HEREBY ORDAIN, as follows:

Section 1. Amendment to Ordinance No. 2022-04-1101. The following definitions in Section 1 of Ordinance No. 2022-04-1101 (“Definitions”), are hereby amended to read as follows (additions are double underscored and deletions are shown as stricken text):

Commitment Letter means the letter from the Bank dated February 1, 2023 ~~April 6, 2022~~, offering to purchase the Note.

Designated City Representative means the Mayor, the City Administrator or the City Clerk Treasurer or such other official or employee of the City designated in writing by the foregoing.

Draw Period Interest Rate means a fixed rate of 3.80% ~~1.85%~~ per annum commencing on the Initial Draw Date through the Maturity Date calculated on a basis of 30/360 with 12 months consisting of 30 days each.

Maturity Date means December 1, 2024 ~~2023~~, or such prior date chosen by the City within the maximum allowed maturity provided by the Government, and may be extended for up to twelve (12) additional months pursuant to the terms hereof and of the Commitment Letter.

Note means the City of White Salmon, Washington, Water Revenue Bond Anticipation Note, 2023 ~~2022~~, issued pursuant to Ordinance No. 2022-04-1101 and this ordinance.

Section 2. Amendment to Section 4 of Ordinance No. 2022-04-1101. Section 4 of Ordinance No. 2022-04-1101 is hereby further amended to read as follows (additions are double underscored and deletions are shown as stricken):

Section 4. Authorization of Note. For the purpose of providing interim financing for the Project pending its completion and issuance and sale of the Bond, the City shall issue its revenue bond anticipation note as a non-revolving line of credit in an aggregate principal amount of not to exceed \$2,333,000. The Note shall be designated “City of White Salmon, Washington, Water Revenue Bond Anticipation Note, 2023 ~~2022~~,” shall be dated as of the date of its original issuance, shall be fully registered as to both principal and interest, shall be in the denomination of \$2,333,000; provided that the principal amount due and owing thereunder shall be measured by the total Draws made, as evidenced by the Loan Draw Record, shall be numbered N-1, and shall bear interest on unpaid principal from the date of each Draw (hereinafter described) at the Draw Period Interest Rate, calculated on a basis of 30/360 with 12 months consisting of 30 days each. Interest on a particular principal amount Drawn on the line of credit established hereunder shall be payable semiannually on June 1 and December 1, commencing June 1, 2023 ~~2022~~, or the first June 1 or December 1 after the Initial Draw Date on the Note, with a final payment on the Note’s Maturity Date, or earlier prepayment in full of the Note. Principal of and all accrued interest on the Note shall be due and payable on the Maturity Date to the extent not prepaid at an earlier date.

The Maturity Date of the Note may be extended for up to an additional twelve (12) months with the agreement of the City and the Bank. If the Maturity Date of the Note is

extended pursuant to the terms herein and in the Commitment Letter, all outstanding interest on the bond as of the original Maturity Date shall be paid as of such date, and the City shall pay the Bank the fee as described in the Commitment Letter or in the agreement of the City and Bank. The Draw Period Interest Rate may be redetermined on the original Maturity Date for the extended period beginning the day after the original Maturity Date to the extended Maturity Date, as agreed by the City and the Bank.

The Treasurer shall be the “Note Registrar.” The Note is not intended to be a revolving obligation; the principal amount outstanding under the Note may never exceed \$2,333,000, and principal amounts repaid may not be reborrowed. The available principal of the Note shall be disbursed as borrowings from time to time by the Bank upon request from an Authorized Officer in substantially the form of Exhibit A to this Amending Ordinance to the Commitment Letter, subject to approval by the Bank and the Government (each such disbursement herein referred to as a “Draw”), as provided in Section 9 of Ordinance No. 2022-04-1101 and this ordinance. The City shall use best efforts to deliver Draw requests to the Bank two days prior to the requested disbursement date, and in no case later than 11 a.m. Pacific Time on the requested disbursement date. A Draw request must be accompanied by an approval of the Draw amount from an authorized representative of the Government. Draws shall be recorded in such form as the City and the Bank may agree. Interest on each Draw shall accrue from the date of the Draw and shall be computed on the basis as described above on the principal amount of the Draw outstanding for the actual number of days the principal amount of the Draw is outstanding.

The proceeds of any Draw shall be deposited into the Construction Fund and shall be expended solely to pay the costs of the Project and financing costs.

Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Upon the final payment of all principal and interest on the Note, the Note shall be surrendered to the Note Registrar for cancellation. The Note shall not be transferable, except in whole (i) to a successor to the business or assets of the Bank or (ii) to a “qualified institutional buyer” as such is defined in Rule 144A of the Securities Act of 1933. The Note shall be an obligation only of the Debt Service Fund and shall be payable and secured as provided herein. The Note is not a general obligation of the City.

Section 3. Amendment to Section 10 of Ordinance No. 2022-04-1101. The third paragraph of Section 10 of Ordinance No. 2022-04-1101 is hereby further amended to read as follows (additions are double underscored and deletions are shown as stricken):

The City hereby designates the Note as a “qualified tax exempt obligation” under Section 265(b) of the Code for investment by financial institutions. The City does not anticipate issuing more than \$10,000,000 in qualified tax-exempt obligations during 2023 ~~2022~~.

Section 4. Amendment to Section 13 of Ordinance No. 2022-04-1101. Section 14 of Ordinance No. 2022-04-1101 is hereby further amended to read as follows (additions are double underscored and deletions are shown as stricken):

Section 13. Form of Note and Registration Certificate. The Note shall be in substantially the following form:

NO. N-1 UNITED STATES OF AMERICA not to exceed \$2,333,000
(or as much thereof as is shown on the attached Loan Draw Record)

STATE OF WASHINGTON
CITY OF WHITE SALMON
WATER REVENUE BOND ANTICIPATION NOTE, 2023 ~~2022~~

INTEREST RATE: Draw Period Interest Rate, as provided in the Ordinance.
MATURITY DATE: December 1, 2024 ~~2023~~, or such prior date chosen by the City within the maximum allowed maturity provided by the Government, or as extended as provided in the Ordinance.
REGISTERED OWNER: CASHMERE VALLEY BANK
117 APLETS WAY
CASHMERE, WA 98815
TAX IDENTIFICATION #: 91-0168460
PRINCIPAL AMOUNT: TWO MILLION, THREE HUNDRED THIRTY-THREE THOUSAND AND NO/100 DOLLARS (or so much as been Drawn hereunder)

The CITY OF WHITE SALMON, WASHINGTON (the “City”), hereby acknowledges itself to owe and for value received promises to pay, but solely from the sources identified herein, to the Registered Owner identified above, or registered assigns on the Maturity Date, the Principal Amount, together with interest thereon at the Draw Period Interest Rate, as defined in Ordinance No. 2022-04-1101, as amended by Ordinance No. 2023-02-1123 of the City (the “Ordinance”), calculated on a basis of 30/360 with 12 months consisting of 30 days each. Interest shall be payable semiannually on June 1 and December 1, commencing June 1, 2023 ~~2022~~, or the first June 1 or December 1 after the Initial Draw Date on the Note, and on the Maturity Date, to the extent not prepaid. Installments of the principal of and interest on this note shall be paid by check or draft of the City 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 shown above. Upon final payment of all installments of principal and interest thereon, this note shall be

submitted to the Note Registrar (the Treasurer of the City) for cancellation and surrender.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Note Registrar. The definitions contained in the Ordinance shall apply to capitalized terms contained herein.

The City hereby irrevocably covenants and agrees with the Registered Owner of this note that it will keep and perform all the covenants of this note and of the Ordinance to be by it kept and performed. Reference is hereby made to the Ordinance for a complete statement of such covenants and for the definition of capitalized terms used herein.

This note is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and resolutions and ordinances of the City, including the Ordinance, for the purpose of providing interim financing for certain improvements to the Water System. This note is issued in anticipation of the issuance of a revenue bond (the "Bond") authorized by the City.

Both principal of and interest on this note are payable solely out of the special fund of the City known as the "Water Debt Service Fund" (the "Debt Service Fund"). The City does hereby pledge and bind itself to set aside and pay into the Debt Service Fund the amount required by the Ordinance to be paid therein from the proceeds of the Bond (as authorized in the Ordinance) or from the sources and in the priority specified in the Ordinance. The City further pledges that it will issue the Bond on or prior to the maturity of this note, and use the proceeds thereof to redeem this note. This note is not a general obligation of the City.

This note may be prepaid at any time, in whole or in part.

This note is not transferable, except as provided in the Ordinance.

This note is not a "private activity bond" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). This note is a qualified tax-exempt obligation under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

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 note have happened, been done and performed and that the issuance of this note does not violate any constitutional, statutory or other limitation upon the amount of indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of White Salmon, Washington, has caused this note to be signed, executed by the manual or facsimile signature of the Mayor, and authenticated by the City Clerk/Treasurer, as of this ____ day of _____, 2023-2022.

CITY OF WHITE SALMON,
WASHINGTON

/s/ manual or facsimile signature

Mayor

ATTEST:

/s/ manual or facsimile signature

Clerk/Treasurer of the City

The Note Registrar's Certificate of Authentication on the Note shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This note is the note described in the within-mentioned Ordinance and is the Water Revenue Bond Anticipation Note, 2023 ~~2022~~, of the City, dated _____, 2023 ~~2022~~.

CITY OF WHITE SALMON
TREASURER, as Registrar

By _____

Section 5. Amendment to Section 15 of Ordinance No. 2022-04-1101. Section 15 of Ordinance No. 2022-04-1101 is hereby further amended to read as follows (additions are double underscored and deletions are shown as stricken):

Section 15. Sale of Note. The Note shall be sold to the Bank in accordance with its Commitment Letter, which by this reference is hereby incorporated herein, and the acceptance of such proposal is hereby ratified and confirmed. A loan fee of \$500 ~~\$550~~ is authorized to be paid to the Bank.

Section 6. Confirmation of Ordinance No. 2022-04-1101. Ordinance No. 2022-04-1101 as amended by this amendatory Ordinance is hereby ratified and confirmed.

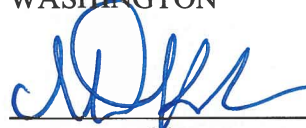
Section 7. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

Section 8. Prior Acts. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 9. Effective Date. This ordinance shall become effective from and after its passage, and approval and publication as required by law.

PASSED by the City Council at a regular open public meeting thereof, held on the 1st day of February, 2023.

CITY OF WHITE SALMON,
WASHINGTON



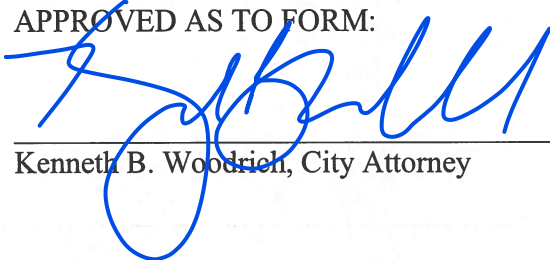
Marla Keethler, Mayor

ATTEST:



Stephanie Porter, City Clerk/Treasurer

APPROVED AS TO FORM:



Kenneth B. Woodrich, City Attorney

**EXHIBIT A
FORM OF REQUEST FOR DRAW**

**WATER REVENUE BOND ANTICIPATION NOTE, 2023
(NON-REVOLVING LINE OF CREDIT)
Not to exceed \$2,333,000**

REQUEST FOR DRAW NO. _____

TO: Tom Brown, Vice President
Cashmere Valley Bank
117 Aplets Way
Cashmere, Washington 98815
TBrown@CVB.bank

On behalf of the City of White Salmon, Washington (the "City"), I hereby certify that:

1. I am the Designated City Representative of the City, and that I am authorized to request this Draw under the City's Water Revenue Bond Anticipation Note, 2023 (the "Note"), and to make the representations on behalf of the City set forth herein. Capitalized terms used in this Draw Certificate have the meanings defined for such terms in Ordinance No. 2022-04-1101 of the City, passed on April 6, 2022, as amended by Ordinance No. 2023-02-1123, passed on February 1, 2023 (together, the "Note Ordinance").

2. The City requests a Draw under the Note in the amount of: \$_____ to be disbursed on _____ [Month/Day/Year]. The proceeds of the Draw should be sent by electronic transfer to _____ [insert wiring instructions] for the further attention and direction of _____ in accordance with the Note Ordinance.

3. The amount of this Draw, together with the principal amount of all remaining outstanding Draws of the City under the Note, do not exceed \$2,333,000.

4. The proceeds of the Draw will be expended for purposes of the City in accordance with the Note Ordinance.

5. All representations of the City in the Note Ordinance were true and correct when made, and remain true and correct on this date.

Dated as of this ___ day of _____, _____.

CITY OF WHITE SALMON, WASHINGTON

By: _____
Name: _____
Title: _____

CERTIFICATE

I, the undersigned, Clerk of the City of White Salmon, Washington (the "City"), DO
HEREBY CERTIFY:

1. That the attached Ordinance No. 2023-02-1123 (herein called the "Ordinance") is a true and correct copy of an ordinance of the City as finally passed at a regular meeting of the City Council held on the 1st day of February, 2023, and duly recorded in my office.

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 quorum of the City Council 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 1 day of February, 2023.


Stephanie Porter, City Clerk/Treasurer



Cashmere Valley Bank

CITY OF WHITE SALMON, WA
Term Sheet
USDA RD BOND ANTICIPATION NOTE
January 12, 2023

Thank you for the opportunity to provide a Term Sheet in support of the City of White Salmon, WA wastewater treatment facility project with the United States Department of Agriculture Rural Development ("RD"). Cashmere Valley Bank (the "Bank") is pleased to propose the following terms of a note, subject to Bank credit approval:

- 1) **Borrower:** City of White Salmon, WA (the "City")
- 2) **Summary:** A Water Revenue Bond Anticipation Note, 2023 (the "Note") to finance a portion of the City's 14-inch water main project (the "Project") as would be more fully described in the RD Letter of Conditions (the "Letter of Conditions"). The credit facility would be available until December 1, 2024 or another date chosen by the City within the maximum allowed maturity provided by RD. It is anticipated that the Note would be repaid from the proceeds of a revenue bond sold to RD.
- 3) **Amount:** Approximately \$2,333,000
- 4) **Form:** Fully registered, non-rated, bank qualified tax-exempt note issued by the City and purchased by the Bank at private sale.
- 5) **Purpose:** To provide funding for preconstruction and construction activities related to the City's Project.
- 6) **Note Terms:**
 - a) **Interest Rate:** The outstanding principal balance of the Note would bear interest at a bank qualified tax exempt fixed rate of 3.80% *per annum*. Interest would be calculated on the basis of 30/360 with 12 months consisting of 30 days each.
 - b) **Term:** The maturity of the Note is expected to be December 1, 2024. Alternatively, the City may choose another maturity date so long as it does not exceed RD's maximum maturity for this interim financing bond anticipation note. All principal would be due at maturity. Interest would be due semiannually on June 1 and December 1, commencing June 1, 2023, or the first June 1 or December 1 after the first Loan Draw on the Note. Interest due may be paid from proceeds of a Draw as approved by RD.
 - c) **Draws:** Draws could 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 would be wire transferred to the City. For same day funding, draw requests would need to be received and confirmed by 11 AM.
 - d) **Transferability:** The Bank would hold the Note with no intent to sell or transfer. The Note may be transferred only in whole to a qualified investor.

- e) Security: The Note will be secured by a pledge to issue the Bond to RD and any other available funds of the City. The City would adopt an ordinance authorizing the Bond and fully describing the security for the Note.
- 7) Prepayment: The Note could be prepaid at any time without penalty.
- 8) Fees: The Bank would charge a fee of \$500.00 for this credit facility payable as a discount to the first draw. The Bank does not anticipate legal costs. The City would be responsible for all other costs of issuance including bond counsel charges.
- 9) 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 the date of closing of the Note, 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, if any, 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. The Bank will receive an "I" Letter (approval of the Bank's offer to provide interim financing, which generally also indicates that RD has reviewed construction bids, and finds that the bids are within Project budget and from an acceptable contractor(s)) from RD. The Bank must receive a copy of the Operating Budget Form RD 442-7 or similar form as accepted by RD. 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.
- 10) Credit Approval: Upon notification to the Bank that the City wishes to accept the terms set forth herein, a commitment letter would be promptly prepared detailing accepted terms for acceptance by the City after due diligence and credit approval by the Bank. The Bank will need three years financial statements for the City. The Bank will need to satisfactorily review the final Letter of Conditions and Form RD 442-7 or similar form that supports the project. The Bank does not foresee requiring any additional documentation from the City except the noted financial statements and RD forms.

We have successfully provided numerous USDA RD interim construction transactions in Washington State. We are very familiar with the USDA RD/RUS process, procedures, documents, and requirements.

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.