



Cashmere Valley Bank

Term Sheet
(For Discussion Purposes Only)
April 25, 2019

Re: City of Olympia, Washington
Limited Tax General Obligation Bond Anticipation Note, 2019

Thank you for the opportunity to propose the following structure for the City of Olympia, Washington (the "City") Limited Tax General Obligation Bond Anticipation Note, 2019 (the "Note"). Cashmere Valley Bank (the "Bank") has outlined general terms below for discussion purposes only. All terms are subject to credit approval and do not constitute a commitment to lend money.

1. Borrower: City of Olympia, Washington
2. Amount: Not to exceed \$14,000,000
3. Tax Status: Non-bank qualified, tax exempt
4. Purpose: The proceeds of the Note will be used to refinance the City's Limited Tax General Obligation Bond Anticipation Note, 2016 and increase the borrowing amount by \$4,000,000 to provide funds to pay the cost of certain parks department projects of the City.
5. Maturity: June 1, 2020
6. Note Description:
 - a. Interest Rate: Interest on the Note would be a non-bank qualified tax exempt rate of 2.60%. The Note would be dated the date of delivery to the Bank and would accrue interest on the outstanding balance from each respective draw date. Interest would be calculated on the basis of a 365-day year, and the actual days elapsed.
 - b. Terms: The Note would be structured with semiannual interest on June 1 and December 1, commencing December 1, 2019. Principal would be paid at maturity of June 1, 2020 or date of prior prepayment. The Note would either be funded up front or by draws made on the Note.
 - c. Security: The Note would be a limited tax general obligation of the City and secured by and payable from tax revenues of the City and such other money as is lawfully available.
 - d. Draws: Draws could be made on any business day in an amount greater than or equal to \$25,000. Draw proceeds would be wire transferred for the City's benefit. For same day funding, draw requests would need to be received and confirmed by 11:00AM.

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7. **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 or as would be further described in the City's authorizing documents.
8. **Prepayment:** The City may choose to prepay the Note in whole or in part at any time without penalty. The Bank would require 15 days advance notice of any prepayment.
9. **Fees:** There is no loan fee due to the Bank. The Bank would not charge an unused fee. The City would be responsible for all other costs of issuing the Note.
10. **Additional Terms:** The Note documents would be in the standard forms customarily required by the Bank for tax-exempt municipal funding and would include additional terms and conditions not discussed above. The City would provide is annual financial report to the Bank during the period the Note is outstanding and held by the Bank. 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. 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 commitment would terminate upon notice by the Bank. Any future commitment would be non-assignable by the City.

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 this opportunity to discuss this financing with the City and its finance team.

Respectfully,

CASHMERE VALLEY BANK

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