

City of Newport, Oregon
Full Faith and Credit Financing Agreement, Series 2022
Summary of Terms and Conditions
January 24, 2022

This Financing proposal is provided for discussion purposes only and does not represent a commitment from Key Government Finance, Inc. ("KGF"). This proposal and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower's officers, directors, employees and advisors charged with reviewing and/or implementing the transactions contemplated hereby) without KGF's consent. This proposal is intended as an outline of certain material terms of the Facility and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

Key Government Finance, Inc., ("Lender") is pleased to provide the following term sheet for a direct purchase financing structure to the City of Newport, Oregon.

Lender: Key Government Finance, Inc. ("KGF").

Borrower/Issuer: City of Newport, Oregon (the "City").

Issue: Full Faith and Credit Financing Agreement, Series 2022 (the "Issue").

Facility: Tax-Exempt Bank Qualified Direct Purchase of the Issue by the Lender.

Amount: \$4,570,000. All proceeds of the Facility will be disbursed at closing.

Use of Proceeds: Capital improvements to the City's Water System, including improvements to the Big Creek Dam, water main replacements, seismic updates, and other improvements described in the Water System Master Plan.

Facility Terms: The anticipated closing date for this Facility is February 15, 2022 ("Anticipated Closing Date"). The final maturity date for this Facility is February 1, 2037 ("Final Maturity"). KGF will purchase the Facility through Final Maturity.

Repayment: Annual principal payments commencing June 1, 2024 through June 1, 2036 followed by one payment on Final Maturity. Semi-annual interest payments commencing June 1, 2022 through December 1, 2036 followed by one payment on Final Maturity. Any amortization that differs from the debt service schedule in the RFP and increases the average life of the financing for the option below may result in an adjustment to the interest rate provided.

Interest Rate: 2.24%

The interest rate needs to be accepted by the Borrower no later than January 31, 2022 and would be valid for closing on or before the Anticipated Closing Date.

Interest Day Count: 30/360

Costs of Issuance:	<p>Borrower will be responsible for costs related to this financing including but not limited to Bond, Issuer's, Trustee's, and Borrower's Counsel fees. Lender plans to use Davis Wright Tremaine LLP as outside legal counsel (<u><i>Lender to pay their fee</i></u>). Attorney contact information is provided below:</p> <p>George Mardikes 1300 SW Fifth Avenue, Suite 2400 Portland, OR 97201 Tel: (503) 778-5323 Mobile: (503) 887-3514 Fax: (503) 276-5830 Email: georgemardikes@dwt.com Website: www.dwt.com</p>
Prepayment:	<p>The Facility may be prepaid in whole, but not in part, anytime at par plus accrued interest. Partial prepayment may be available upon request.</p>
Security:	<p>The Issue will be secured by and payable from all lawfully available funds of the City, including any property taxes levied by and for the City within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. Pursuant to ORS 287A.315 the City will pledge its full faith and credit to pay the Issue, and the obligation of the City to pay the Issue will not be subject to appropriation.</p> <p>The Issue will not be secured by a lien on any revenues or other property of the City. The Issue will not constitute a debt or indebtedness of Lincoln County, the State of Oregon, or any political subdivision thereof other than the City.</p> <p>The City intends to use its net Water System revenues to make debt service payments on the Issue but these sources are NOT pledged to the repayment of the Issue.</p>
Financial Reporting:	<p>Borrower shall provide to the Lender or post on EMMA:</p> <ol style="list-style-type: none"> 1. Annual audited financial statements including operating statistics within 270 days of Borrower's fiscal year end. 2. Other financial reports as Lender may reasonably request.
Default Rate:	<p>3% above the current interest rate for any outstanding payments in default (the "Default Rate"), upon the occurrence of a default that is not cured within 90 days, the Default Rate shall apply to all outstanding principal, until the default has been cured.</p>
Documents:	<p>All documents shall be attorney prepared and in form and substance acceptable to the Lender and its legal counsel, including legal opinions customary for transactions of this nature. Documentation must include the following: "No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Facility shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation". Bond counsel will provide a Validity Opinion regarding the legality, validity, and enforceability of the Facility and a Tax Opinion regarding the tax-exempt nature of the interest earnings on the financing.</p>
Event of Taxability & Gross-Up:	<p>In the Event of Taxability based on the action or inaction of the Borrower or any misrepresentation or warranty by the Borrower, the tax-exempt interest rate on the Facility would convert to the taxable interest rate of 2.84%</p>

Credit Approval: The Facility has been credit approved.

Conditions Precedent to Closing: Borrower's obligation will be subject to such terms and conditions that Lender may require with respect to this transaction, or as are customarily required with respect to similar credits and as set forth in the Facility documents. Without limitation, such terms and conditions shall include:

1. Absence of Default.
2. Accuracy of Representations and Warranties.
3. Negotiation and Execution of satisfactory closing documents.
4. Absence of material adverse change in financial condition of Borrower during the period from the date hereof to the Closing Date.

Paying Agent: While Lender can provide billing and servicing, Lender is not able to act as a Paying Agent.

Proposal Acceptance/Expiration

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. **IT IS NOT A COMMITMENT BY US TO ENGAGE IN THIS TRANSACTION.**

“(a) Key Government Finance (“KGF”) is not recommending an action to you as the municipal entity or obligated person; (b) KGF is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (c) KGF is acting for its own interests; and (d) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.”

Key Government Finance, Inc. (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Key Government Finance, Inc., is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Lender notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, as amended and supplemented) (the “Patriot Act”), that Lender is required to obtain, verify and record all information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Patriot Act.

Lender acknowledges that, in connection with Borrower’s compliance with any continuing disclosure undertakings (each, a “Continuing Disclosure Agreement”) entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”), Borrower may be required to file with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system, or its successor (“EMMA”), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an “EMMA Notice”). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower’s compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

The Lender will make a loan by purchasing the Facility under the following additional conditions: (i) the Facility is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (ii) the Lender will hold the Facility as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Facility; (iv) no final official Statement has been prepared in connection with the private placement of the Facility; (v) the Facility will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Facility will not be listed on any stock or other securities exchange.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire in ten (10) business days if we have not received an authorized signed copy on or before such date.

The Lender is a subsidiary of KeyBank, N.A. KGF's portfolio consists of over \$5.2 billion of tax-exempt leases, loans, and bonds for municipalities, not-for-profits, and manufacturers across the United States.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 720-904-4262.

Sincerely,

Danny Bild

Danny Bild
Vice President
Key Government Finance, Inc.
1000 S. McCaslin Blvd.
Superior, CO 80027
Daniel.Bild@Key.Com

APPROVED THIS 25th DAY OF January, 2022

City of Newport, Oregon

By: Margaret M. Hawke

Print Name: MARGARET M. HAWKE

Title: Acting City Manager

City of Newport, Oregon
Full Faith and Credit Financing Agreement, Series 2022 (Water Projects)
Summary of Bids

Bank	Bank Fees	Bank Counsel	Total	Interest Rate	All-In True Interest Cost (ATIC)	1st Call Date	Call Feature	Default Rate	Taxable Rate	Notes
Sterling National Bank	-	-	-	2.15%	2.30%	AIPD	No call year 1-2; 102% year 3-4; 101% year 5-6; 100% after			Callable in whole only with 30 days notice
Pinnacle	-	6,500	6,500	2.21%	2.37%	06/01/30	100%	---	2.21%/(1- Max Tax Rate)	Want "Limited General Obligation" in title; reserve right to request COVID reps
* Key Government Finance	-	-	-	2.24%	2.39%	Anytime	100%	+ 3.00%	2.84%	Final maturity of 12/1/36; callable in whole only
Truist Bank	-	4,500	4,500	2.39%		-->	-->			AIPD @ 101% or beginning 10/8/29 @ 100%
First Foundation	-	7,500	7,500	2.40%		Anytime	103% year 1-2; 102% year 3-4; 101% year 5-6; 100% after	---	3.00%	
Community Bank	-	-	-	2.50%			100%			
Umpqua Bank		5,000	5,000	2.52%		Anytime	103% year 1-4; 102% year 5-7; 101% year 8-10; 100% after?	+ 3.00%		Indicative rate
City National Bank (Bci)	-	10,000	10,000	3.07%		12/01/27	100%			Callable in whole only with 45 days notice
Bank of the Pacific	-	-	-	3.60%						
Not specified in response										



John Riddle
Managing Director
Sterling National Bank
999 Corporate Drive Suite 100
Ladera Ranch, CA 92649
949-370-2907
Email: jriddle@snb.com
Website: www.snb.com

January 24, 2022

City of Newport, OR
169 Southwest Coast Highway
Newport OR 97365

Project: CITY OF NEWPORT, OR 2022 FULL FAITH AND CREDIT AGREEMENT, SERIES 2022

Sterling National Bank ("SNB") is pleased to present this financing proposal (the "Term Sheet") to the City of Newport, subject to final credit approval, in connection with the above-referenced project. Working with SNB has several major advantages, including:

- **Experience and Expertise:** Each member of the SNB Public Finance team has significant experience regarding the financing of essential governmental equipment and projects and can help you document your financing in a manner that complies with applicable local laws.
- **Financial Capability:** The SNB Public Sector Finance Team is part of Sterling National Bank, a publicly traded commercial bank with over \$33 billion in assets and the capability of funding tax-exempt financings on a nationwide basis.
- **Reliability:** The SNB Public Finance team prides itself on excellent customer service and the prompt closing of awarded transactions.
- **Simplified Financing Structure:** SNB is proposing to finance 100% of the City's capital improvements for the City's Water System and cost of issuance.

We look forward to working with you and your team on this assignment, and please do not hesitate to contact us with any questions, comments or concerns. We are positive that you'll enjoy working with SNB.

Very truly yours,

John Riddle

John Riddle
Managing Director
jriddle@snb.com



John Riddle
Managing Director
Sterling National Bank
999 Corporate Drive Suite 100
Ladera Ranch, CA 92649
949-370-2907
Email: jriddle@snb.com
Website: www.snb.com

TERM SHEET

TYPE OF FINANCING:	Full Faith & Credit Financing Agreement, Series 2022 (the "Bond") to be directly purchased through a private placement.
ISSUER/BORROWER:	City of Newport, OR (the "City")
PURCHASER/LENDER:	Sterling National Bank and/or its successor by merger (the "Purchaser")
PLACEMENT AGENT:	Piper Sandler & Co.
BOND COUNSEL:	Hawkins Delafield & Wood LLP, Portland Oregon
PURCHASER'S COUNSEL:	Gilmore & Bell - At no cost to the Borrower
AMOUNT OF BONDS:	\$4,570,000
FINAL MATURITY:	June 1, 2037
INTEREST RATE:	2.15%
TAX STATUS:	Bank Qualified and Tax Exempt
ANTICIPATED CLOSING DATE:	February 28, 2022- Rates will be held through closing (held through March 10, 2022).
PRINCIPAL PAYMENT STRUCTURE:	Due annually, commencing on 06/01/202 through final maturity and as further outlined in the City's request for proposal
INTEREST PAYMENT STRUCTURE:	Due semi-annually, commencing on 06/01/2022 through final maturity. Based on a 30/360 calculation.

PURCHASE OPTION:

The Issuer shall have the right to pre-pay the Bond in whole, but not in part, on any payment date by paying the Redemption Price, provided that Issuer gives Lender at least thirty (30) days prior written notice of its intent to do so. The Redemption Price, as a percentage of the then-outstanding Loan balance, shall be equal to:

Year	Percentage
1 – 2	No call
3 - 4	102%
5 - 6	101%
Thereafter	100%

FEES OF THE PURCHASER:

None. Sterling National Bank does not charge any fees.

Any costs of issuance incurred by the City such as financial advisory, placement agent and bond counsel shall be the responsibility of the City and can be included in the borrowed amount.

DOCUMENTATION:

This financing is subject to the execution of mutually acceptable documentation to be prepared by Bond Counsel at the City's expense. Documents, including validity and tax opinions, will include those that are normal and customary for a transaction of this type and size.

IRS CIRCULAR 230 DISCLOSURE:

The Purchaser and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not written or intended to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with the Purchaser of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

ADVISORY DISCLOSURE:

The Purchaser is not a registered municipal advisor as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related rules and regulations. In providing this Term Sheet, the Purchaser is not providing any advice, advisory services, or recommendations with respect to the structure, timing, terms, or similar matters concerning an issuance of municipal securities. This Term Sheet is a commercial, arms-length proposal that does not create a fiduciary duty by the Purchaser to the City. The City may engage, separately and at its own cost, an advisor to review this Term Sheet and the proposed transaction on the City's behalf.

DIRECT BANK LOAN:

The Purchaser intends to classify the financing as a privately placed loan. As such, the financing will feature (but will not be limited to) the following restrictions:

- The financing will not be assigned a CUSIP
- The financing will not be registered with the DTC;
- The financing will feature transfer restrictions such that transfer is restricted to Bank affiliates, or to Qualified Institutional Buyers, each of which is a commercial bank with minimum capital, etc.;
- The financing cannot be marketed pursuant to an offering document.

CREDIT APPROVAL:

This Term Sheet is subject to formal credit approval by the Purchaser and the negotiation of mutually acceptable documentation.

PROPOSAL EXPIRATION:

Unless accepted by the City or extended in writing by the Purchaser at its sole discretion, this Term Sheet shall expire on February 1, 2022. Once accepted, this Term Sheet shall expire if the Bond is not issued and purchased by March 10, 2022.

Upon receipt of the signed Term Sheet, we will endeavor to provide you with a timely commitment and we will use good faith efforts to negotiate and purchase the Bond based on the terms herein. It is a pleasure to offer this financing proposal to the City, and we look forward to your favorable response.

Respectfully –
Sterling National Bank

John Riddle

John Riddle
Managing Director
Sterling National Bank

Agreed to and Accepted by:
City of Newport, Oregon

_____ (Name)

_____ (Title)

_____ (Date)

MacMillan, Lauren

From: Morrell, Matt
Sent: Monday, January 24, 2022 3:55 PM
To: MacMillan, Lauren
Subject: Fwd: City of Newport FFCO (OR) - Private Placement [EXTERNAL]

Sent from my iPhone

Begin forwarded message:

From: Blair Swain <BSwain@bankunited.com>
Date: January 24, 2022 at 4:45:58 PM CST
To: "Morrell, Matt" <matt.morrell@psc.com>
Subject: RE: City of Newport FFCO (OR) - Private Placement [EXTERNAL]

Matt;

We have an interest in this transaction at 2.21%. We will want:

- Gross up for a change in tax status caused by actions or omissions of the issuer. Formula for tax rate is: Interest Rate/(1.00-Maximum Tax Rate)
- Callable anytime at par after June 1, 2030
- Loan proceeds deposited in a segregated account with the financial institution of the City's choosing to manage disbursements during construction.
- Regular accounting of the use of loan proceeds
- We would like "Limited General Obligation" in title.
- We reserve the right to request Covid reps from issuer.
- \$6,500 for legal expenses.
- Subject to credit approval

Thanks,
Blair

Blair Swain
Senior Vice President, Direct Markets
Pinnacle Public Finance, Inc.
a BankUnited Company
8377 E. Hartford Drive, Suite 115
Scottsdale, AZ 85255
(480) 688-4064
BSwain@BankUnited.com

This message was Classified as **Confidential Reference.**

From: Morrell, Matt <matt.morrell@psc.com>
Sent: Thursday, January 6, 2022 2:53 PM
To: Morrell, Matt <matt.morrell@psc.com>
Subject: City of Newport FFCO (OR) - Private Placement

\$4,570,000 Tax Exempt Placement
City of Newport – Full Faith & Credit Obligation
Lincoln County, OR
Bank Qualified

Piper Sandler is serving as placement agent on behalf of the City of Newport for a \$4.57mm financing. Proceeds will be used towards water system improvements. The loan will be secured by and payable from all legally available funds of the district, including property taxes levied. The City will pledge its full faith and credit to pay debt service, and the obligation is not subject to appropriation. The City does not intend to obtain a rating for the loan. The City's GO bonds are currently rated AA- by S&P.

We're requesting proposals by Monday, January 24th at 3pm PT.

Summary of request –

- \$4,570,000 Loan Amount
- 6/1/37 Final Maturity
- 10.90 yr Avg Life
- Fixed Rate – Tax Exempt, BQ
- Prepayment – please provide provision

Attachments

RFP Memo
2018-2020 Audits

Thank you.

Matt Morrell

Managing Director | Fixed Income Services / Direct Placements

Piper Sandler Companies

800 Nicollet Mall, J12SFI | Minneapolis, MN 55402

D 612-303-6642

E matt.morrell@psc.com

PiperSandler.com

Piper Sandler & Co. Since 1895. Member SIPC and NYSE.

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Facility Terms:	The anticipated closing date for this Facility is February 15, 2022 ("Anticipated Closing Date"). The final maturity date for this Facility is <u>February 1, 2037</u> ("Final Maturity"). KGF will purchase the Facility through Final Maturity.
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Lender acknowledges that, in connection with Borrower’s compliance with any continuing disclosure undertakings (each, a “Continuing Disclosure Agreement”) entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”), Borrower may be required to file with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system, or its successor (“EMMA”), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an “EMMA Notice”). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower’s compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

The Lender will make a loan by purchasing the Facility under the following additional conditions: (i) the Facility is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (ii) the Lender will hold the Facility as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Facility; (iv) no final official Statement has been prepared in connection with the private placement of the Facility; (v) the Facility will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Facility will not be listed on any stock or other securities exchange.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire in ten (10) business days if we have not received an authorized signed copy on or before such date.

The Lender is a subsidiary of KeyBank, N.A. KGF's portfolio consists of over \$5.2 billion of tax-exempt leases, loans, and bonds for municipalities, not-for-profits, and manufacturers across the United States.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 720-904-4262.

Sincerely,

Danny Bild

Danny Bild
Vice President
Key Government Finance, Inc.
1000 S. McCaslin Blvd.
Superior, CO 80027
Daniel.Bild@Key.Com

APPROVED THIS ____ DAY OF _____, 2022

City of Newport, Oregon

By: _____

Print Name: _____

Title: _____

**Truist Financial Corporation**

Governmental Finance

2320 Cascade Point Blvd. Suite 600
Charlotte, North Carolina 28208
Phone (704) 954-1700
Fax (704) 954-1799

January 24, 2022

TO: City of Newport, Oregon

Truist Bank ("Lender") is pleased to offer this proposal for the financing requested by the City of Newport, Oregon ("Borrower").

PROJECT: Full Faith and Credit Financing Agreement, Series 2022

AMOUNT: \$4,570,000

MATURITY DATE: June 1st, 2037

INTEREST RATE: 2.39%

TAX STATUS: Tax Exempt-Bank Qualified

PAYMENTS: Interest: Semi-Annual
Principal: Annual

**INTEREST RATE
CALCULATION:** 30/360

SECURITY: General Obligation: Full faith and credit pledge of the Borrower

**PREPAYMENT
TERMS:** Select one of two options:
(a) Prepayable in whole on any payment date with 1% prepayment penalty OR
(b) Prepayable in whole on payment date after October 8th, 2029 without penalty

**RATE
EXPIRATION:** March 7th, 2022

**LEGAL REVIEW
FEE:** \$4,500

FUNDING: The financing shall be fully funded at closing and allow for a maximum of four funding disbursements in the form of wires or checks.

DOCUMENTATION: It shall be the responsibility of the Borrower to retain and compensate counsel to appropriately structure the financing documents according to Federal and State statutes. Documents shall include provisions that will outline appropriate changes to be implemented in the event that this transaction is determined to be taxable or non-

bank qualified in accordance with the Internal Revenue Code. These provisions must be acceptable to Lender.

Lender shall also require the Borrower to provide an unqualified bond counsel opinion, a no litigation certificate, and evidence of IRS Form 8038 filing. Lender and its counsel reserve the right to review and approve all documentation before closing. Lender will not be required to present the bond for payment.

**REPORTING
REQUIREMENTS:**

Lender will require financial statements to be delivered within 270 days after the conclusion of each fiscal year-end throughout the term of the financing or in accordance with state requirements.

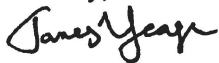
Lender shall have the right to cancel this offer by notifying the Borrower of its election to do so (whether this offer has previously been accepted by the Borrower) if at any time prior to the closing there is a material adverse change in the Borrower's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Borrower or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to Lender.

Costs of counsel for the Borrower and any other costs will be the responsibility of the Borrower.

The stated interest rate assumes that the Borrower expects to borrow no more than \$10,000,000 in the current calendar year and that the financing will qualify as qualified tax-exempt financing under the Internal Revenue Code. Lender reserves the right to terminate this bid or to negotiate a mutually acceptable interest rate if the financing is not qualified tax-exempt financing.

We appreciate the opportunity to offer this financing proposal. Please call me at (336)749-5951 with your questions and comments. We look forward to hearing from you.

Sincerely,



Truist Bank
James Yeager
Vice President



January 24, 2021

RE: **City of Newport
FF&C Financing**

Based upon your request and preliminary review of the information provided to-date, First Foundation Public Finance ("FFPF") would like express its interest in underwriting and obtaining credit approval for the following Credit Facility to the City of Newport, OR ("Borrower") based on the terms outlined below. This Letter is provided by First Foundation Public Finance for discussion purposes only. *It is not intended to be binding, does not create any obligation on the part of First Foundation Public Finance to Sponsor or any third party, and is not a commitment to lend or agreement of any kind. No obligation whatsoever on the part of First Foundation Public Finance shall arise until execution and delivery of a formal commitment or loan documentation by a duly authorized officer of First Foundation Public Finance, which obligation shall be subject to all of the conditions contained therein.*

The proposed loan conditions are:

STRUCTURE:	Term
PURPOSE:	Finance improvements to the Water System
MAX. LOAN AMT:	\$4,750,000
INTEREST RATE:	Tax-exempt BQ, 2.40% (3.00% taxable equivalent)
RATE LOCK:	The Rate will be locked for 60-days. If the Credit Facility fails to close within this period, FFPF reserves the right to adjust the rate.
TERM:	15-years
REPAYMENT:	Semi-annual interest, annual principal payments
AVERAGE LIFE:	10.9-years
PRE-PAYMENT:	Allowed at 103% in years 1-2, declining to 102% in years 3-4, and 101% in years 5-6. Redeemable at par beginning in year 7 and thereafter.
COLLATERAL:	Full Faith and Credit of the Borrower

ADDITIONAL TERMS: Documents to be prepared by the Borrower's Bond Counsel for review by FFPF's counsel Nixon Peabody, LLP. Legal fees and expenses of Nixon Peabody, LLP should not exceed \$7,500. All other filing fees and related fees shall be paid by the Borrower in connection with the issuance.

Periodic financial and collateral reporting by the Borrower, as well as representations and warranties of the Borrower regarding its status and ability to repay, taxability gross-up and covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed above will be determined as part of FFPF's underwriting and credit approval process.

PDF's of all executed and other documents listed on the Closing Index shall be provided to FFPF no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire, those documents shall be provided immediately after receipt of the wire.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Deposit Insurance Corporation, Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.



1288 SE Commercial Drive, College Place, WA 99324
Ph: 509.525.9860

January 24, 2022

Piper Sandler & Co.
Attn: Matt Morrell, Managing Director
800 Nicollett Mall
Minneapolis, MN 55402

RE: City of Newport Bid

Mr. Morrell:

Please consider this the Community Bank bid for the City of Newport direct loan request. These terms and conditions will be honored up to and including March 1, 2022.

Thank you for providing Community Bank with an opportunity to participate in this process. If you have any questions, or require additional information, please contact me at the number listed above.

Sincerely,

Tom Moran
President & CEO
Community Bank



Financing Terms: Full Faith & Credit Financing Agreement, Series 2022

Borrower:	City of Newport (the “City”)
Principal Amount:	\$4,570,000 (preliminary and subject to change)
Purpose:	Capital improvements to the City’s water system
Interest Rate:	2.50% fixed This interest rate will be honored up to and including March 1, 2022. The rate is subject to change in the event closing date is extended beyond this date. The formula for the new interest rate will be as follows: U.S. 10 year Treasury + 60 basis points
Interest rate basis:	30/360 days
Closing Date:	February 15, 22 (estimated)
Maturity:	June 1, 2037
Principal Payments:	Annually on June 1, beginning in 2024 through and including 2037
Interest Payments:	Semi-annual payments on June 1 and December 1, beginning June 1, 2022
Fees:	Waived
Prepayment Penalty:	Waived
Tax Status:	Tax-Exempt, Bank Qualified
Collateral:	The Agreement will be secured by and payable from all lawfully available funds of the City, including any property taxes levied by and for the City within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The City will pledge its full faith and credit to pay the Issue, and the obligation of the City to pay the Issue will not be subject to appropriation.
Legal Documents:	Community Bank is willing to use the supplied Bond Purchase Agreement and/or other legal documents prepared by the District’s Bond Counsel.



Vanessa Ryan
SVP/ Municipal Banking
Tel: 916.724-1214
Email: vanessaryan@umpquabank.com

Dean Stephens
SVP/ Municipal Banking Director
Tel: 916.774-3923
Email: deanstephens@umpquabank.com



City of Newport
Full Faith and Credit Financing Agreement, Series 2022
Term Sheet Dated 01/24/2022

Umpqua Bank ("Umpqua" or "Bank") would like to express its interest in underwriting and obtaining credit approval for the following loan (the "Credit Facility") for the City of Newport, Oregon (the "City") on the terms and conditions outlined below.

Preface: Umpqua's expression of interest in underwriting and obtaining credit approval for the Credit Facility is for discussion purposes only and does not constitute a commitment from Umpqua. Any commitment to lend that we might make is subject to the fulfillment of a number of conditions that include, but are not limited to, our normal credit approval process, an in-depth investigation of the purpose of the loan, the City and collateral the results of which are deemed satisfactory to Umpqua in our sole discretion.

Confidentiality: Except as required by law, neither this expression of interest nor its contents will be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know as a result of being involved in the proposed financing. The foregoing confidentiality provisions shall not apply to the disclosure of the federal income tax structure or treatment of the proposed financing.

Loan Amount: **\$4,570,000** *not to exceed*

Structure: Full Faith & Credit Financing Agreement (the "Agreement")

Security: The Issue will be secured by and payable from all lawfully available funds of the City, including any property taxes levied by and for the City within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. Pursuant to ORS 287A.315 the City will pledge its full faith and credit to pay the Issue, and the obligation of the City to pay the Issue will not be subject to appropriation.

The Issue will not be secured by a lien on any revenues or other property of the City. The Issue will not constitute a debt or indebtedness of Lincoln County, the State of Oregon, or any political subdivision thereof other than the City.

The City intends to use its net Water System revenues to make debt service payments on the Issue but these sources are NOT pledged to the repayment of the Issue.

Purpose: Capital improvements to the City's Water System, including improvements to the Big Creek Dam, water main replacements, seismic updates, and other improvements described in the Water System Master Plan.

Expected Closing: February 15, 2022

Loan Fee: \$0

Rate: Indicative tax-exempt, BQ rate as of 1/24/2022: **2.519%**

Prepayment Provision: 3,3,3,3,2,2,1,1,1 (10 years) Numbers represent the premium applicable for each year.

Repayment Terms: Interest will be payable semi-annually on June 1 and December 1, commencing June 1, 2022. Principal will be payable annually on June 1 in years 2024 through and including 2037.

Vanessa Ryan
SVP/ Municipal Banking
Tel: 916.724-1214
Email: vanessaryan@umpquabank.com

Dean Stephens
SVP/ Municipal Banking Director
Tel: 916.774-3923
Email: deanstephens@umpquabank.com



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Costs of Issuance: Documents to be reviewed by Umpqua Bank's counsel George Mardikes – Davis Wright Tremaine, LLP; provided that any tax opinion and documents shall be prepared by the City's Bond Counsel. Legal fees and related fees for Davis Wright Tremaine, LLP are \$5,000.00.

Legal Opinions: The Bank's obligation to enter into the Agreement will be subject to the delivery of an opinion of City's Bond Counsel, to the effect that under existing laws and assuming continuous compliance by the City with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest payable under the Agreement will be excluded from gross income of the owners for federal income tax purpose and is also exempt for Oregon state income taxes. Bank's obligation to enter into the Agreement will also be subject to delivery of a satisfactory opinion of City's Bond Counsel that the City's obligations under the Agreement are legal, valid, binding, and enforceable against the City.

Reporting: The City shall make its audited annual financial statements available on the City's website or the Electronic Municipal Market Access system ("EMMA") within 270 days after the end of each fiscal year. If not otherwise available publicly on City's website or EMMA, the City shall provide Bank its audited annual financial statements within 270 days after the end of each fiscal year. However, if the City's audited annual financial statements are not available within 270 days after the end of a fiscal year, the City shall file its unaudited annual financial statements for that fiscal year with the Bank not later than 270 days after the end of that fiscal year and shall make the audited annual financial statements for that fiscal year available on the City's website or EMMA promptly after the audited annual financial statements become available.

The City shall make each of its annual budgets, and all amendments thereto, available on the City's website or EMMA within 60 days after such budget is adopted or amended. So long as not otherwise available publicly on the City's website or EMMA, the City shall provide the Bank with such annual budget or amendment for the succeeding fiscal year within 60 days after such budget is adopted or amended.

The City shall provide the Bank with such additional information as the Bank may reasonably request to the extent permitted by law.

Additional Terms: The Bank will make a loan by entering into the Financing Agreement under the following additional conditions: (i) the Agreement is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Bank will hold the Agreement as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Agreement; (iv) no official statement has been or will be prepared in connection with the private placement of the Agreement; (v) the Agreement will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Agreement is not listed on any stock or other securities exchange.

The Bank intends that the Financing Agreement be exempt from the requirements for CUSIP numbers under Municipal Securities Rulemaking Board Rule G-34. The Bank represents and warrants that (i) it is a bank or an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Bank is to hold the Financing Agreement to maturity or earlier redemption. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Vanessa Ryan

SVP/ Municipal Banking

Tel: 916.724-1214

Email: vanessaryan@umpquabank.com

Dean Stephens

SVP/ Municipal Banking Director

Tel: 916.774-3923

Email: deanstephens@umpquabank.com



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The form of Financing Agreement shall be subject to review and approval by the Bank and its legal counsel. We would anticipate only the customary comments that Davis Wright Tremaine provides. For defeasances in which the Financing Agreement will not be prepaid within 90 days, we will also require an opinion from bond counsel that the defeasance will not adversely affect the federal tax-exemption of the Financing Lease.

Municipal Disclosure: The City acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the City and Bank and its affiliates, (ii) in connection with such transaction, Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the City, (iii) Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not Bank, or any affiliate of Bank, has provided other services or advised, or is currently providing other services or advising the City on other matters), (v) Bank and its affiliates have financial and other interests that differ from those of the City, and (vi) the City has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Material Change: Any change (whether material or not) in the amount to be financed, weighted average life, or a material change in the financial condition or prospects of the City may constitute a re-pricing event and Bank may, at its option and in its sole discretion, terminate this Term Sheet and/or the Interest Rate may be adjusted.

Additional Conditions

The proposed facility will be subject to a default rate equal to the proposed interest rate + 3.0%.

PDFs of all executed and other documents listed on the Closing Index shall be provided to the Bank no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire those documents shall be provided immediately after receipt of the wire.

Sincerely,

A handwritten signature in cursive script, appearing to read "Vanessa Ryan".

Vanessa Ryan

SVP, Corporate Relationship Manager
Municipal Banking Division

Please pursue underwriting and approval of a commitment for the described Credit Facility.

Borrower

Vanessa Ryan

SVP/ Municipal Banking

Tel: 916.724-1214

Email: vanessaryan@umpquabank.com

Dean Stephens

SVP/ Municipal Banking Director

Tel: 916.774-3923

Email: deanstephens@umpquabank.com



UMPQUA
B • A • N • K

By:

Printed Name:

Title:

January 24, 2022

The City of Newport
C/O Mr. Matt Morrell
Managing Director, Fixed Income Services - Direct Placements
Piper Sandler Companies
800 Nicollet Mall, J12SFI
Minneapolis, MN 55402

Via Email: matt.morrell@psc.com

RE: Privately Placed Full Faith and Credit Financing Agreement, Series 2022

Dear Mr. Morrell:

BciCapital, Inc. (a subsidiary of City National Bank of Florida, Inc.) is pleased to present this tax-exempt Loan (the "Loan") financing term sheet (the "proposal") to the City in connection with the above referenced financing.

Borrower:	The City of Newport, OR
Lender:	City National Bank of Florida, Inc.
Type of Financing:	Full Faith and Credit Financing Agreement which Lender intends to treat as a Loan.
Security:	The Issue will be secured by and payable from all lawfully available funds of the City, including any property taxes levied by and for the City within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. Pursuant to ORS 287A.315 the City will pledge its full faith and credit to pay the Issue, and the obligation of the City to pay the Issue will not be subject to appropriation.
Loan Amount:	\$4,570,000.00 (+/- 10%)
Purpose:	Capital improvements to the City's Water System, including improvements to the Big Creek Dam, water main replacements, seismic updates, and other improvements described in the Water System Master Plan.
Loan Term:	Approximately fifteen (15) years (please refer to Exhibit A – Sample Amortization Schedule)
Loan Rate:	3.07%
Lender's Fees and Expenses:	Lender's legal fees of \$10,000.00
Loan Funding Date:	On or before February 15, 2022
Final Maturity:	June 1, 2037 (please refer to Exhibit A – Sample Amort)

Rate Lock:	<p>The indicated Loan Rate will be fixed until February 15, 2022.</p> <p>If, for any reason, the Loan is not closed by February 15, 2022, the Loan Rate shall be adjusted five (5) days prior to the Loan Funding Date using the following formula:</p> $\text{Loan Rate} = (10 \text{ year SWAP rate} + 2.00) \times .79$ <p>Upon closing the Loan Rate shall remain fixed for the entire duration of the Loan.</p>
Pre-Payment Premium:	The Loan is non-callable until December 1, 2027 then is pre-payable at par and in full, but not in part, on any payment due date so long as Borrower provides Lender its written intent to prepay forty-five (45) days in advance.
Bank Qualification:	The Issue will be designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.
Reimbursement:	If Borrower intends to be reimbursed any costs associated with this Agreement, intent for reimbursement from the proceeds of this Agreement must be evidenced and must qualify under Treasury Regulation Section 1.150.2.
Escrow Funding:	N/A – On the Loan Funding Date, proceeds of the Loan shall be released, in full, to the Borrower or its designated Paying Agent. Paying Agent to be selected by Borrower at Borrower's choice and expense.
Authorized Signors:	Borrower's governing board shall provide Lender with its resolution or ordinance authorizing this Agreement and shall designate the Individual(s) to execute all necessary documents used therein.
Legal Title:	N/A
Legal Opinions:	Borrower's counsel shall furnish Lender with a validity and tax opinion covering the Loan and the documents used herein. This opinion shall be in a form and substance satisfactory to Lender.
Documentation:	Documentation will be furnished by the Borrower's bond counsel and will be in a form and substance satisfactory to the parties. Borrower will also provide board resolutions, incumbency certificates and other documentation required by Lender.
Insurance:	N/A

Assignment: Lender may sell, assign or encumber all or any part of its right title and interest in the Loan; however, in no event shall the Lender assign this agreement as a public offer of participation. Borrower consents to a Loan transaction within the meaning of applicable federal securities laws. The Loan may be offered and sold solely to one or more persons who are reasonably believed to be qualified institutional buyers or accredited investors.

Treatment: The Lender intends to treat the obligation as a Loan versus a publicly traded security and will therefore be issued as a single obligation equal to the amount of the borrowing. The Loan will not be assigned CUSIP, registered with the DTC, feature certain transfer restrictions between bank affiliates or institutional buyers and cannot be marketed via an offering document.

Disclosure: Lender is not a registered municipal advisor as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act and does not provide financial or tax advice.

Proposal Expiration: Borrower must notify Lender that it is the apparent winner of the bid by February 7, 2022 otherwise this Proposal shall expire unless extended, in writing, by Lender. If notification occurs by this date the Lender will honor the quoted Loan Rate until February 15, 2022, after which the Loan Rate will be indexed. This Proposal will expire if the Loan is not closed by April 30, 2022.

Financial Statements: Borrower shall provide to Lender updated financial statements as needed so that the Lender has at least the last three consecutive years of financial information, as well as a current budget, demographics, and proof of appropriation for the ensuing fiscal year and such other financial information relating to the ability of Borrower to continue this Agreement as may be reasonably requested by Lender.

Credit Due Diligence: This arrangement has been favorably prescreened but remains subject to final approval and document review. In order for Lender's credit administration group to expedite its review of this transaction, Lender will require the following Borrower information:

- 3 most recent years of audited financial statements (received)
- Certain statistical information
- Most recent financial projections
- Documentation referenced throughout the RFP and this Proposal
- Additional information may be requested during the underwriting process.

This Proposal is a summary regarding the financing transaction on the general terms and conditions outlined herein. This Proposal is not intended to and does not create any binding legal obligation on the part of either party. Credit, legal and investment approval have not yet been obtained for the amount or other aspects of the proposed financing, and after obtaining the same, any commitment will be subject to the negotiation, execution and delivery of final legal documentation acceptable to all parties and their counsel.

It is a pleasure to offer this financing proposal to the Corporation. We hope that our genuine excitement regarding the opportunity shines through in our response. And as always, please don't hesitate to reach out with any questions.

Very truly yours,



Michael J. Horkey
Senior Vice President
BciCapital, Inc.
michael.horkey@CNBmg.com

Agreed to and Accepted by:
The City of Newport, OR

Name of Authorized Signor

Title of Authorized Signor

Date of Proposal Execution

Exhibit A
Sample Amortization Schedule

Amortization Report					
Compounding Period:		Semiannual			
Nominal Annual Rate:		3.07%			
TValue Amortization Schedule - Normal, 365 Day Year					
	Date	Payment	Interest	Principal	Balance
Loan	2/15/2022				4,570,000.00
1	6/1/2022	40,744.37	40,744.37	0.00	4,570,000.00
2	12/1/2022	70,149.50	70,149.50	0.00	4,570,000.00
3	6/1/2023	70,149.50	70,149.50	0.00	4,570,000.00
4	12/1/2023	70,149.50	70,149.50	0.00	4,570,000.00
5	6/1/2024	105,149.50	70,149.50	35,000.00	4,535,000.00
6	12/1/2024	69,612.25	69,612.25	0.00	4,535,000.00
7	6/1/2025	169,612.25	69,612.25	100,000.00	4,435,000.00
8	12/1/2025	68,077.25	68,077.25	0.00	4,435,000.00
9	6/1/2026	243,077.25	68,077.25	175,000.00	4,260,000.00
10	12/1/2026	65,391.00	65,391.00	0.00	4,260,000.00
11	6/1/2027	320,391.00	65,391.00	255,000.00	4,005,000.00
12	12/1/2027	61,476.75	61,476.75	0.00	4,005,000.00
13	6/1/2028	326,476.75	61,476.75	265,000.00	3,740,000.00
14	12/1/2028	57,409.00	57,409.00	0.00	3,740,000.00
15	6/1/2029	332,409.00	57,409.00	275,000.00	3,465,000.00
16	12/1/2029	53,187.75	53,187.75	0.00	3,465,000.00
17	6/1/2030	343,187.75	53,187.75	290,000.00	3,175,000.00
18	12/1/2030	48,736.25	48,736.25	0.00	3,175,000.00
19	6/1/2031	348,736.25	48,736.25	300,000.00	2,875,000.00
20	12/1/2031	44,131.25	44,131.25	0.00	2,875,000.00
21	6/1/2032	354,131.25	44,131.25	310,000.00	2,565,000.00
22	12/1/2032	39,372.75	39,372.75	0.00	2,565,000.00
23	6/1/2033	364,372.75	39,372.75	325,000.00	2,240,000.00
24	12/1/2033	34,384.00	34,384.00	0.00	2,240,000.00
25	6/1/2034	369,384.00	34,384.00	335,000.00	1,905,000.00
26	12/1/2034	29,241.75	29,241.75	0.00	1,905,000.00
27	6/1/2035	529,241.75	29,241.75	500,000.00	1,405,000.00
28	12/1/2035	21,566.75	21,566.75	0.00	1,405,000.00
29	6/1/2036	711,566.75	21,566.75	690,000.00	715,000.00
30	12/1/2036	10,975.25	10,975.25	0.00	715,000.00
31	6/1/2037	725,975.25	10,975.25	715,000.00	0.00
Grand Totals		6,098,466.37	1,528,466.37	4,570,000.00	



January 24th, 2022

City of Newport
169 SW Coast Highway
Newport, OR 97365

RE: Full Faith and Credit Financing Agreement, Series 2022
City of Newport

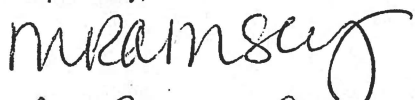
To: City of Newport – Attn: Finance Director

The attached Term Sheet is for discussion purposes to describe the structure regarding the above mentioned proposed Agreement.

The terms discussed are in consideration of Bank of the Pacific facilitating the Agreement. While not a commitment, the purpose of this Term Sheet reflects that the proposed terms are mutually satisfactory and practical for both parties.

I look forward to your feedback and the opportunity to move forward with the proposed terms as necessary to satisfy your banking needs.

Respectfully,


for Robert Greenawald

Robert Greenawald
Senior Vice-President
Commercial Banking

A. FACILITY DESCRIPTIONS

FACILITY I: FULL FAITH AND CREDIT FINANCING AGREEMENT, SERIES 2022

BORROWER: The City of Newport, here forward referred to as "City"

Lender: Bank of the Pacific, here forward referred to as 'the Bank'

AMOUNT: \$4,570,000

TYPE: Full Faith and Credit Financing Agreement (the "Agreement")

PURPOSE: Capital improvements to the City's Water System, including improvements to the Big Creek Dam, water main replacements, seismic updates, and other improvements described in the Water System Master Plan.

REPAYMENT:

Interest Payments:

The Agreement is to be dated the date of delivery of the Agreement to the Bank (the "Closing Date"). Interest on the Agreement would be due semi-annual on June 1st and December 1st, beginning on June 1st, 2022.

The unpaid principal portion of the Agreement would bear interest at a fixed rate of 3.6% per annum from the Closing Date through maturity.

Principal Payment:

Principal will be paid annually on June 1st starting on June 1st, 2024 and continuing annually through maturity based on the following amortization schedule:

Maturity (June 1)	Amount
2024	\$ 35,000
2025	100,000
2026	175,000
2027	255,000
2028	265,000
2029	275,000
2030	290,000
2031	300,000
2032	310,000
2033	325,000
2034	335,000
2035	500,000
2036	690,000
2037	715,000

Maturity Date: June 1st, 2037

ORIGINATION FEE: There will be no loan fee due to the Bank.

EXPENSES: Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration, and enforcement of documentation executed in connection with the Credit Facility.

SECURITY:

The Issue will be secured by and payable from all lawfully available funds of the City, including any property taxes levied by and for the City within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. Pursuant to ORS 287A.315 the City will pledge its full faith and credit to pay the Issue, and the obligation of the City to pay the Issue will not be subject to appropriation.

The Issue will not be secured by a lien on any revenues or other property of the City. The Issue will not constitute a debt or indebtedness of Lincoln County, the state of Oregon, or any political subdivision thereof other than the City.

The City intends to use its net Water System revenues to make debt service payments on the Issue but these sources are NOT pledged to the repayment of the Issue.

The Bank will hold the Financing Agreement with no intent to sell or transfer.

The Financing Agreement may be transferred only in whole, as provided in the City's authorization.

Conditions:

The Agreement documents would be prepared by Bond Counsel and in the standard forms customarily required by the Bank for tax exempt, municipal funding and would include terms and conditions not discussed above. The City would provide or make available its annual financial audit to the Bank during the period the Agreement is outstanding and held by the Bank. At the date of closing the Agreement, the financial condition and credit of the City of Newport and all other features of this transaction would be as represented to the Bank without material adverse change. In the event of 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.

Bank will require an opinion letter and reliance letter from the City's counsel prior to execution of proposed financing agreement.

Legal Opinion:

The City will designate the Issue as a "qualified tax exempt obligation" under section 265(b)(3) of the IRS Internal Revenue Code of 1986. It is noted that any interest payments on the Issue will be exempt from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and exempt from State of Oregon personal income taxation.

Credit Approval:

The Bank will review the City's recent 3-Years of financial information as well as the adopted current year budget as part of the credit approval process. The estimated time for approval process is approximately 2 weeks. Prior to closing the Bank would require:

1. Most recent budget for the City of Newport as approved and adopted by the City.
2. An executed Full Faith and Credit Financing Agreement, Series 2022
3. A copy of the City's executed authorizing resolution
4. The original Agreement or Note

B. RELATIONSHIP PRODUCTS AND SERVICES

THE FOLLOWING PRODUCTS AND SERVICES BELOW ARE AVAILABLE AND RECOMMENDED FOR BORROWER:

- Business operating account relationship

C. TERMS AND CONDITIONS

FINANCIAL REPORTING

Borrower is to provide Lender with the following financial information:

- ***Annual Internally prepared Statements and Budget.*** City's Funding Resources and adopted Annual Budget and all accompanying notes for the year end will be made available to Bank, as soon as available, but in no event later than **60** days of adoption or amendment.
- ***Annual Audited Statements.*** City's audited financials with all accompanying notes for the fiscal year-end will be due within 270 days of the fiscal year end starting with the year ending June 30th, 2021.

D. CLOSING NOTICE

This term sheet is not meant to be nor shall it be construed as an attempt to define all of the terms and conditions of the transactions involved in this financing. Rather, it is intended only to outline certain basic points of business understanding around which the legal documentation is to be structured. Any outside legal expenses incurred will be paid by the Borrower, regardless of whether the proposed transactions are consummated. Further negotiations within the general scope of these major terms shall not be precluded by the issuance of this term sheet and its acceptance by the Borrower.

This Term Sheet Proposal contains confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this Term Sheet Proposal or as may be required by law, the contents of the Term Sheet Proposal may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed Credit Facility.

Oral agreements or oral commitments to loan money, to 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 financial team.



**AUTHORIZATION FOR
AGREEMENTS, MOUs, OR
OTHER DOCUMENTS OBLIGATING
THE CITY**

All contracts, agreements, grant agreements, memoranda of understanding, or any document obligating the city (with the exception of purchase orders), requires the completion of this form. The City Manager will sign these documents after all other required information and signatures are obtained.

Document: FINANCING AGREEMENT Date: 1/25/22

Statement of Purpose: KEY GOVT FINANCING AGREEMENT FOR
2022 WATER BORROWING.

Department Head Signature: _____

Remarks, if any: APPROVED BY HAWKINS, DELAFIELD & WOOD

City Attorney Review and Signature: SEE ATTACHED Date: 1/25/22

Other Signatures as Requested by the City Attorney: _____

Signature
Date: _____

Budget Confirmed: Yes ☒ No ☐ N/A ☐

Certificate of Insurance Attached: Yes ☐ No ☒ N/A ☐

City Council Approval Needed: Yes ☒ No ☐ Date: _____

After all the above requested information is complete and signatures obtained, return this form, along with the original document to the City Manager for signature. No documents should be executed prior to the City Manager's approval as evidenced by signature of this document.

City Manager Signature: _____ Date: _____

Once all signatures and certificates of insurance have been obtained, return this document, along with the original, fully-executed agreement, MOU, or other document to the City Recorder. A copy of grant agreement and all project funding documents, must be forwarded to the Finance Department for tracking and audit purposes.

City Recorder Signature: _____ Date: _____

Date posted on website: _____

Michael Murzynsky

From: David Allen
Sent: Tuesday, January 25, 2022 12:26 PM
To: Michael Murzynsky
Cc: Steve Baugher; Peggy Hawker; Melanie Nelson
Subject: Re: Temporary Pcard Increase

My understanding is that bond counsel reviewed it, which is what matters for this type of document. --David

From: Michael Murzynsky
Sent: Tuesday, January 25, 2022 12:13 PM
To: David Allen
Cc: Steve Baugher
Subject: RE: Temporary Pcard Increase

It's a good group! Question, I am putting together Sign-off Sheet, should you review the Financing agreement from Key Group? Mel and Peggy will probably require it.

Michael A Murzynsky
Finance Director
City of Newport
169 SW Coast Highway
Newport, OR 97365

Phone: 541-574-0610

-----Original Message-----

From: David Allen
Sent: Tuesday, January 25, 2022 11:28 AM
To: Steve Baugher <S.Baugher@NewportOregon.gov>
Cc: Michael Murzynsky <M.Murzynsky@NewportOregon.gov>
Subject: Re: Temporary Pcard Increase

Okay, thanks ... that was quite a group on the conf. call this morning. Enjoyed listening to the back and forth between folks. --David

From: Steve Baugher
Sent: Monday, January 24, 2022 4:53 PM
To: David Allen
Cc: Michael Murzynsky
Subject: Temporary Pcard Increase

Hi David,

Your pcard limit has been temporarily increased through 02/28/22.

Steve Baugher, CPA, CGMA

