



November 3, 2015

Honorable City Council
City of Yakima
129 North 2nd Street
Yakima, WA 98901

Honorable Council Members,

Thank you for the opportunity to provide an offer to purchase the City of Yakima, Washington Limited Tax General Obligation Bond, 2015 (the "Bond"). Cashmere Valley Bank, Cashmere, Washington is pleased to offer to purchase the Bond under the following terms, subject to credit approval. Capitalized terms not defined herein have the meaning given in the authorizing ordinance of the Bond anticipated to be adopted on November 17, 2015 (the "Bond Ordinance").

1. Issuer: City of Yakima, Washington (the "City").
2. Amount: \$5,000,000
3. Form: Fully registered, single instrument, taxable limited tax general obligation bond issued by the City and purchased by the Bank at private sale.
4. Purpose: Proceeds will be used to acquire, design, construct, and improve a soccer/multi-use sports campus in the City as part of the project with SOZO Sports, and other park and recreation capital projects, as further described in the Bond Ordinance, and to pay the costs of issuance of the Bond.
5. Bond Terms:
 - a) Interest Rate: The outstanding principal amount of the Bond shall bear interest at a rate equal to the Interest Rate Swap (defined below), plus 1.75%. The Interest Rate will be recalculated on each Reset Date (defined herein). Currently, this would equal $(1.55\% + 1.75\%) = 3.30\%$. Interest

on the principal amount of the Bond shall be calculated per annum on a 30/360 basis.

The Interest Rate Swap means the most recent monthly average interest rate swap for a 5-year term, as published by the Federal Reserve's Board of Governor's H.15 Statistical Release, available here: <http://www.federalreserve.gov/releases/H15/data.htm>

The Reset Date means December 1, 2020, December 1, 2025, and December 1, 2030.

- b) Terms: The Bond shall mature on December 1, 2035 (the "Maturity Date"). Principal of and interest on the Bond shall be due in approximately equal semiannual installments of \$200,000 due June 1 and December 1, beginning June 1, 2016, to and including the Maturity Date or earlier prepayment. The final payment of principal of and interest on the Bond, whether at the Maturity Date or earlier prepayment, shall be in an amount equal to the remaining principal and interest due on the Bond. The amortization schedule describing the payments of principal and interest for the initial five years of the Bond will be provided by the Bank by the closing date of the Bond. At each Reset Date, the Bank will provide an updated amortization schedule to the City reflecting the recalculated interest rate and the payments of principal and interest to the next Reset Date.
- c) Transferability: The Bank will hold the Bond with no intent to sell or transfer. The Bond may be transferred as provided in the Bond Ordinance.
- d) Security: The Bond is a limited tax general obligation of the City. For as long as the Bond is outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bond. The full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

6. Prepayment:

Upon 15 days written notice, the City may prepay the Bond, in whole or in part on any business day, with no prepayment penalty. Any prepayments

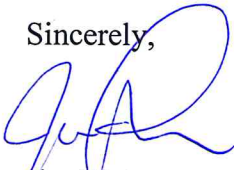
shall be applied first to accrued and unpaid interest and then applied to reduce the outstanding principal amount of the Bond.

7. Fees: The Bank will not charge a loan fee for the purchase of the Bond. All costs of issuing the Bond are the responsibility of the City.
8. Additional Terms: The Bond documents shall be in the standard forms customarily required by the Bank for municipal funding and will include additional terms and conditions not discussed above. The City will provide its annual financial report to the Bank during the period the Bond is outstanding and held by the Bank. At the date of closing the Bond, the financial condition and credit of the City and all other features of this transaction will be as represented to the Bank without material adverse change. In the event of adverse material changes in the credit worthiness of the City, this offer will terminate upon notice by the Bank. This offer is non-assignable by the City. This offer supersedes any prior commitments, offers, or agreements written or oral, concerning this financing and can only be modified in writing. .
9. Acceptance: This offer is not binding unless the City returns a signed copy of this letter to the Bank prior to the close of business on November 24, 2015, at which time this offer will expire upon notice by the Bank.
10. Closing: The Bond is anticipated to close on or about December 21, 2015. If after acceptance, the Bond has not closed by December 31, 2015, this commitment will expire without notice.

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

Thank you for the opportunity to work with the City and its finance team.

Sincerely,



Jim Finker

AVP, Municipal Lending & Investments
CASHMERE VALLEY BANK

Acknowledged and accepted this _____ day of November, 2015

CITY OF YAKIMA, WASHINGTON

By: _____
Cindy Epperson, Director of Finance and Budget

Cc: Deanna Gregory, Pacifica Law Group