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Meeting ID: 413 641 7003
Password: Belvedere

888 788 0099 US Toll-free
877 853 5247 US Toll-free

1. Approve minutes of July 9, 2020 Finance Committee meeting.

2. Consider recommendation from Wulff Hansen regarding the options for refinancing the existing pension-related debt.


Adjourn

NOTICE: WHERE TO VIEW AGENDA MATERIALS
Staff reports and other writings distributed to the Committee, including those distributed after the posting date of this agenda, are available for public inspection at Belvedere City Hall, 450 San Rafael Avenue, Belvedere. (Writings distributed to the City Council after the posting date of this agenda are available for public inspection at this location only.) To request automatic mailing of agenda materials, please contact the City Clerk at 415/435-8908.

NOTICE
AMERICANS WITH DISABILITIES ACT
The following accommodations will be provided, upon request, to persons with a disability: agendas and/or agenda packet materials in alternate formats and special assistance needed to attend or participate in this meeting. Please make your request at the Office of the Finance Officer or by calling 415/435-3838. Whenever possible, please make your request four working days in advance.
REGULAR MEETING
FINANCE COMMITTEE
Thursday, July 9, 2020, 3:00 PM
VIA ZOOM REMOTE MEETING PLATFORM

MINUTES

COMMITTEE PRESENT: Justin Faggioli, John Pearson, Sally Wilkinson, John Wilton, Greg Ostroff, Nancy Kemnitzer, James Campbell

COMMITTEE ABSENT: N/A

OTHERS PRESENT: Craig Middleton, City Manager
Amber Johnson, Administrative Services Manager
Ben Levine, Wulff Hansen
Robert Pankratz, Wulff Hansen

CALL TO ORDER OF REGULAR MEETING

The meeting was called to order at 3:00 pm.

SCHEDULED ITEMS

1. The Committee approved the minutes of the May 11, 2020 meeting.

2. The Committee appointed Justin Faggioli as Chair.

3. The Committee appointed Greg Ostroff to the 2-year remainder of the unexpired term vacated by Larry Wheat, which expires on 6/30/22, and John Wilton to the 4-year expired term of George Gnoss.

4. The Committee considered a proposal by Wulff Hansen to refinance outstanding pension-related debt obligations. The Committee agreed by unanimous vote to solicit proposals from Underwriters and Placement Agents for consideration by the City Council at a special Council meeting to be held later in the month.

ADJOURN

The meeting was adjourned at 4:00 pm.
THE FOREGOING MINUTES were approved at a regular meeting of the Finance Committee on August 26, 2020 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:  

APPROVED ____________________________  
Justin Faggioli, Chair

ATTEST  __________________________________  
Amber Johnson, Admin. Services Manager
Belvedere Finance Committee

Staff Report re: Refinancing of Existing 2017 Lease

August 25, 2020

The City’s selected placement agent, Brandis Tallman, has completed the initial phase of its service by conducting a Request for Proposal process that went out to 21 different banks who regularly propose to purchase municipal leases of this type. Of the 21 banks who received the RFP, 4 banks submitted private placement proposals including BBVA, Capital One, Municipal Finance Corp, and Sterling National Bank. We consider 3 of the 4 proposals received to be very competitive. Following this page is a summary of the private placement proposals received, which also shows a comparison to what could be achieved in the public market at today’s rates, as well as, a comparison to what could be achieved in the public market at today’s rates plus a reasonable 25 bps buffer. Attached are the 4 proposals received. After the presentation has been given to the Finance Committee and the tradeoffs of each option have been discussed amongst the group, Wulff Hansen will make its recommendation to the City.
## City of Belvedere

### 2020 Taxable Lease Revenue Refunding Bonds

**Summary of Proposals Received**

**August 25, 2020**

<table>
<thead>
<tr>
<th>Bank</th>
<th>11-year</th>
<th>12-year</th>
<th>11-year</th>
<th>12-year</th>
<th>11-year</th>
<th>12-year</th>
<th>11-year</th>
<th>12-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>2.48%</td>
<td>2.53%</td>
<td>2.55%</td>
<td>2.68%</td>
<td>2.78%</td>
<td>2.88%</td>
<td>2.60%</td>
<td>2.70%</td>
</tr>
<tr>
<td>(5-Yr Libor Swap rate plus 217bps and 222bps)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital One</td>
<td>Locked up to 60 days upon credit approval</td>
<td>Locked through closing 10/1/2020</td>
<td>60 day rate lock</td>
<td>Locked through closing 10/1/2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Finance Corp.</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>$7,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sterling National Bank</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Rate Lock Terms:

- **BBVA**: Locked up to 60 days upon credit approval
- **Capital One**: Locked through closing 10/1/2020
- **Municipal Finance Corp.**: 60 day rate lock
- **Sterling National Bank**: Locked through closing 10/1/2020

### Prepayment Terms:

- **5.5 Year**: Call at Par
- **6.0 Year**: Call at Par
- **BBVA**: In whole on any pmt date on or after 9/1/26 at par
- **Capital One**: Not Callable
- **Municipal Finance Corp.**: In whole on any pmt date
- **Sterling National Bank**: In whole on any pmt date
  - Years 1-3 at 102%
  - Years 4-6 at 101%
  - Thereafter at 100%

### Costs:

- **Bank Counsel**: NTE $10,000
- **Investor Rep. Fee**: None

### Term Sheet Expiration:

- **Monday, August 31, 2020**
- **Wednesday, August 26, 2020**

### Numerical Analysis:

<table>
<thead>
<tr>
<th></th>
<th>11-year</th>
<th>12-year</th>
<th>11-year</th>
<th>12-year</th>
<th>11-year</th>
<th>12-year</th>
<th>11-year</th>
<th>12-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount</td>
<td>2,331,000</td>
<td>2,331,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
</tr>
<tr>
<td>All-In TIC</td>
<td>3.075%</td>
<td>3.080%</td>
<td>3.065%</td>
<td>3.156%</td>
<td>3.115%</td>
<td>3.177%</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Avg FY Debt Service</td>
<td>243,018</td>
<td>226,004</td>
<td>242,792</td>
<td>226,967</td>
<td>243,486</td>
<td>227,221</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Total Debt Service</td>
<td>2,671,771</td>
<td>2,711,038</td>
<td>2,670,123</td>
<td>2,723,069</td>
<td>2,677,384</td>
<td>2,726,070</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Total Savings</td>
<td>256,818</td>
<td>217,551</td>
<td>258,466</td>
<td>205,520</td>
<td>251,205</td>
<td>202,519</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Total NPV Savings</td>
<td>194,576</td>
<td>187,282</td>
<td>194,370</td>
<td>175,574</td>
<td>187,116</td>
<td>172,699</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

### Estimated Closing Date: October 1, 2020

- **Approximate Principal Amount**: $2,331 Million
- **Final Maturity**: 11 Year - September 1, 2031
  12 Year - September 1, 2032
- **Average Life**: 11 Year - 5.897
  12 Year - 6.442

### The following banks declined to submit a proposal:

- BB&T
- Bank of America
- Bank of Marin
- Bank of the West
- Banner Bank
- California Bank and Trust
- Farmers and Merchants Bank
- First Foundation Bank
- JP Morgan Chase
- Key Bank
- Pacific Western Bank
- Pinnacle Public Finance
- River City Bank
- Signature Public Funding
- Umpqua
- Westamerica Bank
- Western Alliance Bank
- Key Bank
- Pacific Western Bank
- Pinnacle Public Finance
- River City Bank
- Signature Public Funding
- Umpqua
- Westamerica Bank
- Western Alliance Bank
- Key Bank
- Pacific Western Bank
- Pinnacle Public Finance
- River City Bank
- Signature Public Funding
- Umpqua
- Westamerica Bank
- Western Alliance Bank
# City of Belvedere
## 2020 Taxable Lease Revenue Refunding Bonds
### Public Offering Comparison
#### August 25, 2020

<table>
<thead>
<tr>
<th>Numerical Analysis:</th>
<th>BBVA</th>
<th>Capital One</th>
<th>Sterling National Bank</th>
<th>Public Offering Analysis</th>
<th>Public Offering Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11-year</td>
<td>12-year</td>
<td>11-year</td>
<td>12-year</td>
<td>11-year</td>
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<td>2,321,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>2.48%</td>
<td>2.53%</td>
<td>2.55%</td>
<td>2.68%</td>
<td>2.60%</td>
</tr>
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<td>256,818</td>
<td>217,551</td>
<td></td>
<td></td>
<td>258,466</td>
</tr>
<tr>
<td>FY 2021</td>
<td>1,088</td>
<td>8,602</td>
<td>514</td>
<td>8,257</td>
<td>31</td>
</tr>
<tr>
<td>AVG - FY 2022-2031</td>
<td>1,051</td>
<td>18,161</td>
<td>1,477</td>
<td>17,248</td>
<td>803</td>
</tr>
<tr>
<td>FY 2032</td>
<td>122,545</td>
<td>18,075</td>
<td>120,503</td>
<td>16,622</td>
<td>120,473</td>
</tr>
<tr>
<td>FY 2033</td>
<td>122,676</td>
<td>9,259</td>
<td>122,676</td>
<td>8,162</td>
<td>122,676</td>
</tr>
</tbody>
</table>

*The difference in total NPV savings between the Private Placement and Public Offering is attributed to when the savings will be realized. The Private Placement provides for more level savings, while the Public Offering provides more frontloaded savings.*
August 24th 2020

City of Belvedere  
450 San Rafael Ave.  
Belvedere, CA 94920

To Whom It May Concern:

BBVA USA, an Alabama banking corporation operating under the trade name “BBVA” (“Lender”) is pleased to provide the attached Summary of Terms and Conditions (the “Terms and Conditions”) which outlines the general terms upon which Lender would consider entering into the above referenced Facility. Please note that (i) the terms outlined in the Terms and Conditions are not exhaustive and additional and/or different terms may be required in the final loan documentation for the Facility, and (ii) this letter and the Terms and Conditions are for discussion purposes only and do not represent a commitment by Lender to provide the Facility.

Issuance of a commitment and/or closing of the Facility by Lender are subject to, among other things, receipt and approval of all requested due diligence information and Lender’s internal approval process. However, Lender may at any time, in its sole and absolute discretion, decline the Facility and terminate discussions with you regarding the Facility.

By your acceptance of this letter you agree that the Terms and Conditions and the terms contained therein shall not be disclosed, directly or indirectly, to any other person or entity except: (i) to your employees and advisors who are directly involved with the consideration of the Facility, (ii) to your investors and potential investors provided that such investors and potential investors agree to not disclose the Terms and Conditions, directly or indirectly, to any person or entity, except their employees and advisors directly involved in the consideration of the Facility, and (iii) as disclosure may be compelled in a judicial or administrative proceeding or as otherwise required by law.

Lender may sell or participate a portion of the Facility to other lenders and you hereby acknowledge and consent to Lender sharing with prospective lenders any information provided by you or any of your affiliates in connection with the Facility.

You agree to defend (with counsel selected by Lender), indemnify, and hold harmless Lender and its affiliates and their respective directors, officers and employees (individually, an “Indemnified Party”, and collectively, the “Indemnified Parties”) from all losses, claims, liabilities, obligations, damages, costs and expenses (collectively, the “Indemnified Costs”) in connection with the Facility and/or any other transactions related to the Terms and Conditions, including but not limited to preparation of documents, due diligence, underwriting, travel and/or syndication of the Facility, including, without limitation, reasonable attorneys' fees and costs, INCLUDING BUT NOT LIMITED TO ANY INDEMNIFIED COSTS THAT RELATE TO AND/OR ARISE FROM THE ORDINARY, COMPARATIVE OR CONTINGENT NEGLIGENCE OR STRICT LIABILITY OF ANY INDEMNIFIED PARTY, except to the extent that a court of competent jurisdiction determines in a final, non-appealable judgment that any such Indemnified Costs arose solely from such Indemnified Party’s gross negligence or willful misconduct.

You agree that this letter constitutes a legally binding agreement notwithstanding that the attached Terms and Conditions do not represent a commitment by Lender to provide the Facility or any portion thereof. The parties may execute this letter in any number of counterparts with the same effect as if the parties signed the same document. All counterparts of this letter will, together, constitute one instrument; but in proving the execution and validity of this letter, any party need only produce one counterpart of this document. The terms and provisions of this letter are binding upon and will inure to the benefit of the parties hereto and their respective successors and permitted assigns. You may not assign any of your rights or obligations under this letter to any other party without obtaining Lender's prior written consent to such assignment.

This term sheet does not represent a commitment to lend and may not be relied upon as such.
If the Terms and Conditions are acceptable and you desire Lender to proceed with its underwriting and approval process, please acknowledge this letter below and return the same to the undersigned.

If a signed copy of this letter is not received by Lender on or before August 31, 2020 any discussions with you regarding the Facility shall be deemed terminated.

Thank you for considering BBVA USA for your financing needs. We look forward to hearing from you in regards to our proposal.

Sincerely,

Rob Meyer
Senior Vice President
Relationship Manager

ACCEPTED and AGREED TO on ______________________, 2020:

BORROWER NAME

By:_______________________________

Name:_______________________________
This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing and does not impose any other obligation on Lender. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Lender.

**Borrower:** City of Belvedere, California (the “Borrower” or the “City”).

**Lender:** BBVA USA (the “Lender” or the “Bank”).

**Rob Meyer, Senior Vice President**
Northern California Commercial Banking
1490 Stone Point Dr., Ste. 250
Roseville, CA 95661
Ph: (916) 846-3997
rob.meyer@bbva.com

**James Manning, Senior Vice President**
Government & Institutional Banking
2850 E. Camelback Rd., Ste. 140
Phoenix, AZ 85016
Ph: (602) 300-0759
james.manning@bbva.com

**Obligation Type:** Taxable Lease Agreement.

**Obligation Amount:** Up to $2,331,000 (the “Obligation” or “Financing”).

**Purpose:** To finance the refunding of the 2017 Lease in full.

**Maturity:** 09/01/2031 (approximately 11 years from closing) or 09/01/2032 (approximately 12 years from closing).

**Repayment:** The Obligation will amortize over 11 or 12 years (Borrower’s option) consistent with the proposed schedules in the RFP, calling for semiannual principal and interest payments due on each 03/01 and 09/01 over the Obligation’s tenor beginning March 1st 2021.

**Interest Rate:**

**11 Year Option:** Taxable Fixed Rate of 2.48% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower’s option, fixed rate may be locked up to 60 days prior to closing.

*This term sheet does not represent a commitment to lend and may not be relied upon as such.*
** Indexed to 217 bps over the prevailing 5-year LIBOR swap rate. Based on the current rate of .31% for the swap index as of 08/24/20, the interest rate on funded balances today would be 2.48%.

** Indexed to 222 bps over the prevailing 5-year LIBOR swap rate. Based on the current rate of .31% for the swap index as of 08/24/20, the interest rate on funded balances today would be 2.53%.

12 Year Option: Taxable Fixed Rate of 2.53% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower’s option, fixed rate may be locked up to 60 days prior to closing.

Upfront Origination Fee: None.

Targeted Closing: October 1, 2020 or as requested by the Borrower.

Prepayment: Obligation is not subject to optional redemption at the proposed rate prior to the date which one half of the full tenor of the obligation, after which time the Borrower may prepay the loan without penalty. However, a par call option to prepay without penalty prior to this time is available upon request at a premium to the proposed interest rate. The par call option must be selected prior to rate lock.

Security: The obligation is proposed to be issued as an abatement lease agreement with the Borrower, repayable through lease rental payments from any legally available sources of revenues of the Borrower.

Obligations are to be secured with a leasehold interest in property valued in excess of the loan amount. It is expected that the property will be comprised of the City’s Corporation Yard.

An appropriate policy of title insurance will be required.

Covenants: Borrower to covenant to take such action as may be necessary to include all lease payments in its annual budgets and to make the necessary annual appropriations for all such lease payments.

The Obligation with the Borrower shall include affirmative covenants that are standard and customary for a transaction of this nature including, but not limited to (i) to repair and make replacements to the leased property at its own cost and expense, so as to fully maintain the leased property in a good condition for use as intended; (ii) to keep the leased property free and clear of all liens, charges and encumbrances other than those permitted by Bank; (iii) to pay for all utilities and related charges for the leased property; (iv) adequately insure the lease property as documented with the Bank named as the additional insured and make

This term sheet does not represent a commitment to lend and may not be relied upon as such.
This term sheet does not represent a commitment to lend and may not be relied upon as such.

annual insurance payments on time; and (v) maintain 24 month Rental Interruption Insurance to mitigate the risks of abatement.

Representations/ Warranties/ Covenants:

The documents will contain those representations and warranties and covenants customarily found in transactions of this nature, and others appropriate to the transaction, including but not limited to:

- Standard representations including but not limited to: no adverse litigation and Borrower has not defaulted or non-appropriated on past obligations, indemnification from hazardous materials.
- Default rate of 5.00% over the Obligation’s proposed rate. Default rate to apply if payment is not made within 10 days of due date in addition to other events of default.
- No material adverse change in financial condition since fiscal year ended 6/30/20.
- Notices of (i) any default on any obligation, (ii) material litigation, (iii) material governmental proceedings and (iv) material adverse effect.
- Bank will sign a traveling Purchaser’s Letter in form acceptable to Bank’s counsel. Bank will agree that any future transferee of the Obligation signs a Purchaser’s Letter in the substantially the same form that the Bank signed prior to any transfer.
- To the extent permitted by law, the Borrower will indemnify the Bank and its officers against all and any liabilities that might arise related to the Obligation.
- Additional representations and warranties, and other affirmative and negative covenants that Bank considers customary and reasonably appropriate for the Obligation.

This Obligation is being purchased by Lender under the following conditions: (i) not being registered or otherwise qualified for sale under the “Blue Sky” laws; (ii) the Lender will hold as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Obligation; (iv) no official Statement or similar offering document has been prepared in connection with the private placement of this Obligation; (v) the Obligation will not close through the DTC or any similar repository and will not be in book entry form. Obligation must be able to be classified as a loan or held-to-maturity security in order to be acceptable to the Lender.

*Note, all of the foregoing are subject to Lender’s receipt and satisfactory review.

Financial Reporting:

- Annual audited financial statements due within 210 days of fiscal year end.
- Annual approved operating budget due within 30 days of fiscal year end.
- Borrower shall furnish at Lender’s request such additional information that Lender may from time to time reasonably request.

Annual disclosure information may be provided via EMMA.

Tax Exempt Status / Yield Adjustment Event:

Not Applicable.

Closing Costs:

Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the preparation of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory fees if applicable, bond counsel, Lender’s counsel, title policy and CDIAC fees. Lender’s Counsel limited to $10,000.
Credit Approval Requirements: This indicative term sheet is being provided prior to final credit approval of the Bank. The following information is needed to complete underwriting and for formal approval:

- Any other information which Lender may attach significance to in determining the credit-worthiness of the Borrower, such as additional information disclosures.

Conditions Precedent: Prior to the consummation of the Financing, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.

- Formal credit approval from the Bank.
- Receipt and satisfactory review of an acceptable title policy.
- Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
- Supporting documentation related to standard levels of insurance.
- Properly executed documents in form and substance satisfactory to Bank and/or Bank’s counsel evidencing or supporting the Obligation. In terms of service level commitment, Lender’s counsel will respond with initial comments within 7 business days of receiving draft legal documents from bond counsel, and within 5 business days of receiving any subsequent iteration of the legal documents.
- Additional conditions precedent that Bank considers customary and reasonably appropriate for the Obligation, including further information disclosures.

Upon execution of the final agreed upon legal documents and at formal closing of the Obligation, this term sheet will become obsolete and will be superseded by the executed legal documents.

Ancillary Business: The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.

Governing Law: This transaction shall be governed by and construed in accordance with the laws of the State of California.

Expiration: This term sheet shall expire by 4:00pm on 08/31/20 unless previously accepted.
This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

The terms and provisions of this correspondence are confidential and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal counsel or financial advisor for purposes of advising Borrower with respect hereto and provided, however, that such counsel and financial advisor agree to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.

Lender is providing the information contained in the document for discussion purposes only in connection with a proposed arm's-length commercial banking transaction between Borrower and Lender. This information is provided to you pursuant to and in reliance upon the "independent municipal investment advisor exemption" or "request for proposals exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, 17 C.F.R. § 240.15Ba1-1 et seq. (the "Municipal Advisor Rules").

Lender is acting for its own interest and has financial or other interests that differ from yours. Lender is not acting as a municipal advisor or financial advisor, and has no fiduciary duty to you or any other person pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise. The information provided in this document is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 and the Municipal Advisor Rules.

Lender is not recommending that you take any action with respect to the information contained in this document. Before acting on this information, you should discuss it with your own financial and/or municipal, legal, accounting, tax, and other advisors as you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, then you are free to engage a municipal advisor to serve in that capacity.

Lender does not provide legal, compliance, tax or accounting advice. Accordingly, any statements contained herein as to tax matters are not intended by Lender to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer.

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

Sincerely,

BBVA USA

Rob Meyer, SVP & Relationship Manager

Agreed and Accepted:

__________________________.

By:

Its:

Date:______________________

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.
August 24, 2020

Michael Garcia
mgarcia@brandistallman.com

Nicki Tallman
ntallman@brandistallman.com

Robert Pankratz
rpankratz@wulffhansen.com

Ben Levine
blevine@wulffhansen.com

Mark Pressman
mpressman@wulffhansen.com

Subject: City of Belvedere, California
2020 Taxable Lease Revenue Refunding Bonds (the “Loan”)

Dear All:

This term sheet is presented in response to that certain RFP dated August 10, 2020 (“RFP”) that you have presented to Capital One Public Funding, LLC (“COPF”). All terms, provisions and covenants set forth in the RFP are incorporated herein except as described below. We are very interested in working with City of Belvedere, California (“Borrower”) and are pleased to present the following summary terms:

<table>
<thead>
<tr>
<th>Structure</th>
<th>Ground lease/leaseback transaction among Borrower (as ground lessor under the ground lease and lessee under the lease), a third-party nonprofit (as ground lessee and lessor under the lease), and COPF (as assignee).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Amount</td>
<td>$2,331,000</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>Refund the 2017 Bonds.</td>
</tr>
<tr>
<td>Fixed Interest Rate</td>
<td>2.55%</td>
</tr>
<tr>
<td>Payment Assumptions</td>
<td>Semi-annual interest and annual principal; approximate average life of 5.9 years; final maturity 09/01/31. The Loan will be payable in installments on the dates and in the amounts set forth on the payment schedule identifying payment dates, principal, interest and total payment due, which shall be attached to the bond.</td>
</tr>
<tr>
<td>Call Provisions</td>
<td>No call until 03/01/26, then in whole at par on any interest payment date.</td>
</tr>
<tr>
<td>Tax Status</td>
<td>Taxable</td>
</tr>
<tr>
<td>Real Estate Requirements</td>
<td>COPF shall require:</td>
</tr>
</tbody>
</table>
• standard representations from the Borrower regarding the absence of any adverse environmental conditions; and
• a title search indicating that free and clear title to the ground-leased property rests with the Borrower.

COPF shall not require an appraisal, Phase I, or survey. Title insurance (including a survey) shall only be required in the event of a title deficiency.

Interest Rate Assumptions
The above-quoted interest rates are based upon the assumptions set forth above regarding average life and final maturity. Any changes from the assumptions may require an adjustment to the quoted rates. The rates may also be subject to change if the contemplated Loan is not closed by October 1, 2020.

Documentation
Loan documentation shall be prepared by qualified bond counsel subject to review by COPF and its counsel. Borrower shall provide, at its expense, an opinion of legal counsel (acceptable to COPF) attesting to the legal, valid, and binding nature of the transaction. Upon selection of COPF, the Borrower shall provide draft authorizing documents for COPF’s review and comment.

Costs of Issuance
The Borrower shall be responsible for normal borrower costs of issuance including a financial advisor, placement agent, bond counsel, and CDIAC fees. No fees will be due to COPF, which shall be responsible for the costs of its own legal review.

Direct Purchase
The Loan shall be directly funded/purchased by (and registered in the name of) COPF as assignee and delivered in physical, non-book-entry, certificated form. The Loan shall not be (i) assigned a separate rating by any rating agency; (ii) registered with the Depository Trust Company or any other securities depository; (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document; or (iv) assigned a CUSIP number.

Audited Financial Statements
Upon request, as soon as available, the Borrower shall send COPF a copy of its audited financial statements as of the end of the fiscal year.

Municipal Advisor Rules
As noted, this term sheet is submitted in response to your Request for Proposals dated August 10, 2020. The contents of this term sheet and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to the Loan, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules of the Securities and Exchange Commission (Rule 15Ba1-1 et seq.).

Role of Capital One Public Funding, LLC
The Borrower acknowledges and agrees that: (i) the information contained in this term sheet is for discussion purposes only and sets forth certain proposed terms and conditions of an arm’s-length commercial transaction between the Borrower and COPF and does not constitute advice, an opinion or a recommendation by COPF; (ii) the Borrower will make its own determination regarding whether to enter into the proposed transaction and the terms thereof, and will consult with and rely on the advice of its own financial, accounting, tax, legal and other advisors; (iii) COPF is acting solely for its own account in connection with the proposed transaction, and is not acting as a municipal advisor, financial advisor, agent or fiduciary to the Borrower or any other person or entity (including to any financial advisor or placement agent engaged by the Borrower) and the Borrower, its financial advisor and placement agent are free to
retain the services of such advisors (including as it relates to structure, timing, terms and similar matters and compliance with legal requirements applicable to such parties) as it deems necessary or appropriate;
(iv) COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (v) neither COPF nor any of its affiliates is acting as a broker, dealer, underwriter or placement agent with respect the transactions contemplated hereby; (vi) the only obligations COPF has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (vii) COPF is not recommending that the Borrower take an action with respect to the transaction contemplated by this term sheet. Before taking any action with respect to the Loan, the Borrower should discuss the information contained herein with the Borrower’s own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the Borrower would like a municipal advisor in this transaction that has legal fiduciary duties to it, Borrower is free to engage a municipal advisor to serve in that capacity.

Other Information
To the extent that updated financial and other credit materials have not already been provided to COPF or are not available through public resources, COPF may require and request the following: audited and unaudited financial statements; budgets; information on outstanding bond issues, lease transactions, and contingent/material liabilities; tax base details; and other reasonable and customary information relevant to the Borrower’s credit quality and the source of repayment.

Confidentiality
The information contained herein is strictly confidential and is intended for review by the parties, their advisors and legal counsel only and may not be disclosed to any other person or entity, except as required by law or otherwise consented to by COPF.

Closing
Closing is anticipated to take place on October 1, 2020. This Term Sheet does not represent a commitment. The funding of the Loan will only occur upon the approval and acceptance of the Loan documents by COPF, the Borrower, and their respective counsels.

Term Sheet Expiration
This term sheet shall expire if not accepted by the Borrower by August 31, 2020. Once accepted, this term sheet shall expire if the transaction has not closed by October 1, 2020, unless extended by COPF at its sole discretion.

Subject to Final Credit Approval
Specifically, but without limitation, this term sheet has not yet received all necessary internal and committee approvals of COPF. Any obligation of COPF to provide financing or otherwise shall arise only upon the execution of final Loan documents signed by authorized signatories of COPF and not from statements (oral or written) made during the course of discussions among the parties (whether or not prior to or after the date hereof).

Should the above-stated terms be acceptable to you, a formal decision through COPF’s internal credit process will be pursued as quickly as possible.

Thank you for the opportunity to offer this term sheet. Should you have any questions, please do not hesitate to contact me at 505-503-7629 or jeffrey.sharp@capitalone.com.

Sincerely,
Jeffrey D. Sharp  
Senior Vice President / Director of Business Development  
Capital One Public Funding, LLC

cc: Jonathan Lewis, Capital One Public Funding, LLC  
    Brenda Barnes, Capital One Public Funding, LLC

ACCEPTED BY: City of Belvedere, California

By

Name

Title
MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Telephone (805) 719-1235
www.munifinance.com

TERM SHEET

Municipal Finance Corporation, on behalf of City National Bank, hereby submits a lease refinancing proposal in accordance with the terms and conditions set forth below.

Date: August 24, 2020

Lessor: Belvedere Public Financing Authority (“Lessor”)

Lessee: City of Belvedere (“Lessee”)

Assignee: City National Bank (“Assignee”)

Estimated Financing Amount: $2,331,000

Maturity Date: September 1, 2031 or September 1, 2032

Interest Rate: 2.78% (11 Years) 2.88% (12 Years) with 60 day rate lock.

Fees: $7,500 Lender Representative Fee. No Bank Counsel Fee. CDIAC paid from COI.

Prepayment Option: Non-Callable

Documentation/Credit: Preparation of Lease documents will be the responsibility of the City’s special counsel. Closing the Lease is subject to favorable credit review, completion of documentation and the receipt by Assignee of a legal opinion from the City’s special counsel, all of which must be to the satisfaction of the Assignee.

Proposal Acceptance: The time for accepting this proposal expires on August 26, 2020. Acceptance is subject to approval of the Lessee's governing body. The Lessee shall incur no costs if the governing body elects not to move forward with this proposal.
Upon acceptance of this proposal, Municipal Finance Corporation shall use its best efforts to secure a credit approval in a timely fashion and otherwise to faithfully meet the requirements of this proposal. If this proposal is acceptable to the City of Belvedere, please sign below and return to my attention at your earliest convenience.

I look forward to the opportunity to be of service to the City of Belvedere.

Sincerely,

Stefan Morton
Vice President

Proposal Accepted By:
City of Belvedere

By____________________________

Date_____________________________
August 24, 2020

City of Belvedere, CA

**Project: CITY OF BELVEDERE, CA REVENUE REFUNDING BOND 2020**

Sterling National Bank (“SNB”) is pleased to present this financing proposal (the “Term Sheet”) to the City of Belvedere, CA 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 Finance team is part of Sterling National Bank, a publicly traded commercial bank, which has the capability of funding tax-exempt and taxable 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 Refunding Revenue Bonds and the costs 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
## TERM SHEET

**TYPE OF FINANCING:** Lease/Leaseback financing agreement (the “Bond”) to be directly purchased through a private placement.

**LESSEE/BORROWER:** City of Belvedere, CA (the “City”)

**LESSOR/LENDER:** Sterling National Bank, or its designee or assignee (the “Lessor”)

**FINANCIAL ADVISOR:** Wulff, Hansen & Co.

**PLACEMENT AGENT:** Brandis Tallman LLC

**BOND COUNSEL:** Jones Hall.

**LESSOR’S COUNSEL:** Gilmore & Bell, P.C.

**AMOUNT OF THE BOND:** $2,331,000

**FINAL MATURITIES:**
- OPTION A: 09/01/2031
- OPTION B: 09/01/2032

**INTEREST RATE:**
- OPTION A: 2.6% taxable
- OPTION B: 2.7% taxable

**TAX STATUS:** Not Bank-Qualified and Federally Taxable

**ANTICIPATED CLOSING DATE:** 10/01/2020

**INTEREST RATE LOCK:** The Interest Rates quoted above are locked through the Anticipated Closing Date.

**PRINCIPAL PAYMENT STRUCTURE:** Due semi-annually, commencing on 03/01/2021 through final maturity and as further outlined in the City’s request for proposal

**INTEREST PAYMENT STRUCTURE:** Due semi-annually, commencing on 03/01/2021 through final maturity. Based on a 30/360 calculation.
**PREPAYMENT/CALL OPTION:**

The Lessee shall have the right to pre-pay the Lease in whole, but not in part, on any payment date by paying the Redemption Price, provided that Lessee 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 Lease balance, shall be equal to:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 3</td>
<td>102%</td>
</tr>
<tr>
<td>4 – 6</td>
<td>101%</td>
</tr>
<tr>
<td>Thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

**FEES OF THE LESSOR:**

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 Lessor 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 Lessor of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

**ADVISORY DISCLOSURE:**

The Lessor 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 Lessor 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 Lessor 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 Lessor 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 Lessor and the negotiation of mutually acceptable documentation.

PROPOSAL EXPIRATION: Unless accepted by the City or extended in writing by the Lessor at its sole discretion, this Term Sheet shall expire on August 31, 2020. Once accepted, this Term Sheet shall expire if the Bond is not issued and purchased by October 1, 2020.

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
Agreed to and Accepted by:
City of Belvedere, CA

__________________________________________ (Name)

__________________________________________ (Title)

__________________________________________ (Date)