

November 12, 2024

## City of Eureka – Taxable Non-Revolving Line of Credit

Tri Counties Bank (the “Lender”) is pleased to provide the following loan terms and conditions for discussion purposes. This Term Sheet is not a loan commitment and should not be treated as a definitive commitment. The terms outlined reflect a loan structure that the Lender is willing to consider, subject to additional due diligence, final underwriting, and formal credit approval. The Lender informs you and your advisors, if any, that it requires that the documentation and additional information to complete its underwriting is subject to the Lender’s review and approval and such approval is in its sole discretion.

**Borrower:** City of Eureka (the “Borrower”)

**Purpose:** Proceeds will support the general working capital needs of the Borrower’s general fund resulting from timing delays in property tax receipts and grant funding proceeds.

**Amount:** Not to exceed \$3,000,000

**Maturity:** June 30, 2025

**Interest Rate:** Variable – WSJ Prime + 0.75%  
Current Indicative Rate as of 11/08/2024: 8.50%  
Rate Floor: 7.00%  
The interest rate shall not exceed 10%.

Loan Origination Fee - \$3,750

Payment Frequency – Monthly, Interest-only payments, Principal due in full at maturity.

**Prepayment:** The Note shall be prepayable in whole or in part without premium, but with accrued interest on such prepaid principal to the date of such prepayment.

**Security:** Pursuant to Cal. Government Code Section 53856, all income, revenue, cash receipts, or other moneys of the Borrower, including moneys deposited in inactive or term deposits, are pledged to the payment of the Note and the interest thereon, except, however, that no moneys which, when received by the Borrower, will be encumbered for a special purpose are pledged for the payment of the Note or the

interest thereon unless an equivalent amount of the proceeds from Note is set aside for and used for said special purpose.

Pursuant to Cal. Government Code Section 53857, the Note shall be a general obligation of the Borrower, and, to the extent not paid from the taxes, income, revenue, cash receipts or other moneys of the Borrower pledged for the payment thereof shall be paid with the interest thereon from any other moneys of the Borrower lawfully available therefor; provided, however, that any tax levied by a county for interest on notes for borrowed money shall be in addition to all other taxes and shall not be less than sufficient to pay the interest on notes for borrowed money as is to become due before the time for making the next general tax levy.

**Expenses:** The Borrower will be required to pay all fees, expenses and charges in connection with this request as are reasonably incurred in connection with the processing of a loan of this nature [including, but not limited to, fees of the Borrower's counsel, financial advisor fees and CDIAC fees. Fees of Mardikes Law LLC shall be \$6,500.00. All fees are non-refundable. Lender Counsel's fees and reasonable expenses are payable at closing in immediately available funds and shall be paid by the Borrower.

**Legal Opinion:** Borrower's Counsel will deliver a legal opinion as to validity and enforceability of the Note under state law in form acceptable to the Lender and Lender's Counsel.

### Reporting

**Requirements:** Reporting requirements customarily required by the Lender for similar loans and/or similar Borrower's will be required, to include, but not limited to, the following:

- Annual Audited Financial Statements – Within 270 Days of Fiscal year End
- Annual Budget – Within 90 Days of Adoption

### Additional Terms:

- A default interest rate of interest + 3% will be required as applicable.
- Terms offered herein shall expire after 5 business days unless otherwise accepted by Borrower.

The loan documentation will include, but not be limited to, the terms and conditions outlined herein as well as provisions that are customary and standard with respect to taxability grossup, if applicable, conditions precedent, representations and warranties, covenants, events of default and remedies under the loan documentation, waiver of sovereign immunity, waiver of jury trial/judicial referee provisions, indemnification/financial responsibility to the Lender,

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The Lender is offering this loan under the following additional conditions: (i) the Note 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 Note as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Note; (iv) no final official statement has been prepared in connection with the direct placement of the Note; (v) the Note will not close through DTC or any similar repository and will not be in book entry form; and (vi) the Note is not listed on any stock or other securities exchange; and (vii) the Note will not be rated.

The Lender intends that the purchase of the Bond be exempt from the requirements for CUSIP numbers under Municipal Securities Rulemaking Board Rule G-34. The Lender 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 Lender is to hold the Bond 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.

The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm’s length commercial transaction between the Borrower and Lender and its affiliates, (ii) in connection with such transaction, Lender 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 Borrower, (iii) Lender and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not Lender, or any affiliate of Lender, has provided other services or advised, or is currently providing other services or advising the Borrower on other matters), (v) Lender and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

**NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IN THE EVENT ANY MATERIAL CHANGE SHALL OCCUR IN THE FINANCIAL MARKETS AFTER THE DATE OF THIS TERM SHEET, BUT BEFORE CLOSING, INCLUDING BUT NOT LIMITED TO ANY GOVERNMENTAL ACTION OR OTHER EVENT WHICH MATERIALLY ADVERSELY AFFECTS THE EXTENSION OF CREDIT BY BANKS, LEASING COMPANIES OR OTHER LENDING INSTITUTIONS, BANK MAY MODIFY THE INDICATIVE PRICING DESCRIBED ABOVE.**

Sincerely,

Tri Counties Bank

A handwritten signature in black ink, appearing to read 'Vanessa Ryan'.

**Vanessa Ryan**  
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Vanessa Ryan  
SVP, Director of Public Sector Banking

**City of Eureka**

Agreed and Accepted: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_