

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

REGULAR AGENDA REQUEST

TO: Jefferson County Board of Commissioners

THROUGH: Mark McCauley, County Administrator

FROM: Stacie Prada, Treasurer 
Monte Reinders, Public Works Director

DATE: January 2, 2024

SUBJECT: RESOLUTION of the Board of County Commissioners of Jefferson County, Washington, relating to contracting indebtedness; providing for the issuance, sale, and delivery of a grant anticipation note to provide funds to carry out additions to and betterments to the wastewater treatment plant being constructed in the Port Hadlock area; fixing or setting parameters with respect to certain terms and covenants of the note; appointing the County's designated representative to approve the final terms of the sale of the note; and providing for other related matters.

STATEMENT OF ISSUE: The County has a need to address cash flow for the Port Hadlock Sewer Project whereby grant funding will be received as reimbursement after expenditures are made.

ANALYSIS: The funding plan for the Port Hadlock Sewer Project construction includes grants that will be received as reimbursement after expenditures are made. Construction needs to be done and expenditures paid before submitting expenses to funding entities for reimbursement. Financing the project will require addressing cash flow with a line of credit to pay for the project before grant funds are received.

The Board discussed a line of credit for the Port Hadlock Sewer Project on January 9, 2023 and authorized the Treasurer Stacie Prada to investigate a line of credit for the project. The Board approved a contract on July 24, 2023 for Underwriter (or "Placement Agent") Services with D.A. Davidson & Co. for the County's proposed offering and issuance of Grant Anticipation Notes. The Board approved bond counsel services contract on 12/7/2023 recorded with the Jefferson County Auditor AFN 663844 on 12/14/2023.

FISCAL IMPACT: The interest rate on the Note will be variable at 70% of Kitsap Bank Prime Rate. As of the date of the proposal on November 27, 2023, Prime rate was 8.50% and corresponding Note rate would be 5.95%. The Note rate is floored at 3.00%. Cost of servicing the debt is estimated between \$315,000 to \$365,000 depending on the timing of draws and

reimbursements, the assumption that interest rates will remain at current levels or go down, and the bid from Kitsap Bank is chosen. Costs of initiating and servicing the debt are to be paid from the sewer fund.

RECOMMENDATION:

The County Treasurer recommends Commissioners approve the attached Resolution as proposed "relating to contracting indebtedness; providing for the issuance, sale, and delivery of a grant anticipation note to provide funds to carry out additions to and betterments to the wastewater treatment plant being constructed in the Port Hadlock area; fixing or setting parameters with respect to certain terms and covenants of the note; appointing the County's designated representative to approve the final terms of the sale of the note; and providing for other related matters."

REVIEWED BY:


Mark McCauley, County Administrator

12/28/23
Date

STATE OF WASHINGTON
COUNTY OF JEFFERSON

A RESOLUTION of the Board of County) RESOLUTION NO. _____
Commissioners of Jefferson County, Washington,)
relating to contracting indebtedness; providing)
for the issuance, sale, and delivery of a grant)
anticipation note to provide funds to carry out)
additions to and betterments to the wastewater)
treatment plant being constructed in the Port)
Hadlock area; fixing or setting parameters with)
respect to certain terms and covenants of the note;)
appointing the County's designated)
representative to approve the final terms of the)
sale of the note; and providing for other related)
matters.)

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF
JEFFERSON COUNTY, WASHINGTON, AS FOLLOWS:

Section 1. Definitions. As used in this resolution, the following capitalized terms shall
have the following meanings:

"Bank" means financial institution selected by the Designated Representative to purchase
the Note in a private placement.

"Bank Offer" means an offer to purchase the Note, setting forth certain terms and
conditions of the issuance, sale, and delivery of the Note, which offer is authorized to be accepted
by the Designated Representative on behalf of the County, if consistent with this resolution.

"Board" means the Board of County Commissioners of the County.

"Bond Counsel" means the firm of Foster Garvey PC, its successor, or any other attorney
or firm of attorneys selected by the Port with a nationally recognized standing as bond counsel in
the field of municipal finance

"Code" means the United States Internal Revenue Code of 1986, as amended, and
applicable rules and regulations promulgated thereunder.

"County" means Jefferson County, Washington, a political subdivision of the State of
Washington duly organized and existing under and by virtue of the laws of the State.

"Designated Representative" means each of the officers of the County appointed in
Section 4 to serve as the County's designated representative in accordance with RCW 39.46.040.

“Final Terms” means the terms and conditions for the purchase of the Note, including the amount, date, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, prepayment rights, price, and other terms or covenants.

“Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State Finance Committee from time to time.

“Grants” means, collectively: (i) the ARPA State and Local Fiscal Recovery Funds Grant awarded to the County by the State Department of Commerce in the amount of \$20,125,000; (ii) the Water Quality Combined Funding Program grant awarded to the County by the State Department of Ecology in the amount of \$5,000,000; (iii) the Clean Water State Revolving Fund State and Tribal Assistant Grant awarded to the County by the United States Environmental Protection Agency in the amount of \$3,000,000; and (iv) the Clean Water State Revolving Fund State and Tribal Assistant Grant awarded to the County by the United States Environmental Protection Agency in the amount of \$2,500,000.

“Issue Date” means the date of initial issuance and delivery of the Note to the Bank.

“Maturity Date” means the date determined as such by the Designated Representative in approving the Final Terms.

“Note” means the grant anticipation note issued by the County pursuant to this resolution.

“Note Fund” means the Grant Anticipation Note Fund of the County created for the payment of the principal of and interest on the Note.

“Note Register” means the books or records maintained by the Registrar for the purpose of identifying ownership of the Note.

“Project” means the acquisition, construction, and equipping of wastewater treatment facilities in the Port Hadlock area of the County.

“RCW” means the Revised Code of Washington.

“Registered Owner” means, initially, the Bank, and thereafter, the person in whose name the Note is registered on the Note Register.

“Registrar” means the Fiscal Agent or any successor registrar selected by the Designated Representative.

“State” means the State of Washington.

“System of Registration” means the system of registration for the County’s bonds and other obligations set forth in Resolution No. 47-91.

“Treasurer” means the Treasurer of the County or the designee of the Treasurer of the County.

Section 2. Findings and Determinations. The County takes note of the following facts and makes the following findings and determinations:

(a) Pursuant to RCW 36.94.020, the County is authorized to carry out the Project. In 2008, the County adopted the Port Hadlock UGA Sewer Facility Plan that includes the Project, all in accordance with chapter 36.94 RCW.

(b) The estimated cost of carrying out the Project is \$33,670,000, which the County expects to be provided from proceeds of one or more draws on the line of credit evidenced by the Note, proceeds of the Grants to be received by the County, and other legally available money of the County.

(c) The County has been awarded the Grants and is in need of funds to pay and reimburse the payment of costs of acquiring the Project.

(d) Pursuant to RCW 39.50.020, the County is authorized to borrow money and issue short-term obligations for any lawful purpose of the County in anticipation of the receipt of grants, such obligations to be repaid out of the grants or from any money otherwise legally available for that purpose. Pursuant to RCW 39.50.030, such short-term obligations may be issued and sold in accordance with chapter 39.46 RCW.

(e) Pursuant to RCW 39.46.040, a resolution authorizing the issuance of such short-term obligations may authorize an officer of the County to serve as the County's designated representative and to accept, on behalf of the County, an offer to purchase the short-term obligations so long as the acceptance of such offer is consistent with terms established by a resolution that establishes the following terms (or parameters with respect thereto): the amount, date, denominations, interest rates (or mechanism for determining interest rates), payment dates, final maturity, redemption rights, price, and any other terms or conditions deemed appropriate by the Board.

(f) In order to carry out the Project it is in the best interest of the County to delegate to the Designated Representative the authority to determine the Final Terms and to take additional action necessary for the issuance of the Note pursuant to the terms of this resolution.

(g) For the purpose of providing the funds necessary to carry out the Project, the Board finds that it is in the best interest of the County to issue and sell the Note to the Bank, pursuant to the terms set forth in the Bank Offer as approved by the Designated Representative consistent with this resolution.

Section 3. Authorization of Note. The County is authorized to borrow money on the credit of the County and issue a grant anticipation note evidencing indebtedness to provide a portion of the funds necessary to carry out the Project.

Section 4. Description of the Note; Appointment of Designated Representative. The County Administrator and the Treasurer are each individually appointed as the Designated Representative of the County, and each is individually authorized and directed to conduct the sale of the Note in the manner and upon the terms deemed most advantageous to the County and to approve the Final Terms, with such additional terms and covenants as the Designated

Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this resolution and incorporated by this reference.

The County may draw on the line of credit evidenced by the Note on any business day until the Maturity Date, in accordance with the provisions of the Bank Offer and the Note, so long as the aggregate principal amount of the draws does not exceed the amount set forth in Exhibit A. All principal of and interest on the Note that is outstanding as of the Maturity Date shall be due and payable on the Maturity Date. The Designated Representative is hereby authorized to draw on the line of credit evidenced by the Note, to prepay principal amounts drawn, together with interest accrued thereon, and to make payments of interest when due, all in accordance with the provisions of this resolution.

The aggregate principal amount of the Note that is outstanding shall bear interest at the rate per annum in accordance with the provisions of the Bank Offer and the Note, which rate shall not exceed the amount set forth in Exhibit A. Interest shall be payable on the dates in accordance with the provisions of the Bank Offer and the Note and shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Section 5. Registrar; Registration and Transfer of Note.

(a) *Registration of Note.* The Note shall be issued only in registered form as to both principal and interest, and the ownership of the Note shall be recorded on the Note Register.

(b) *Registrar; Duties.* The Treasurer is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the County at all reasonable times. The Registrar is authorized, on behalf of the County, to authenticate and deliver the Note upon issuance and to transfer the Note in accordance with the provisions of the Note and this resolution, to serve as the County's paying agent for the Note, and to carry out all of the Registrar's powers and duties under this resolution and the System of Registration. The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Note.

(c) *Note Register; Transfer of Note.* The Note Register shall contain the name and mailing address of the Registered Owner and the principal amount and number of the Note. The Note may be transferred only: (i) in whole; (ii) to a single investor that is a "qualified institutional buyer" as defined in United States Securities and Exchange Commission Rule 144A; (iii) if endorsed in the manner provided thereon and surrendered to the Registrar; and (iv) if the transferee provides the Registrar with an executed transfer certificate in substantially the form attached to the Note. Any transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering the transfer certificate) and shall be recorded on the Note Register.

Section 6. Form and Execution of Note.

(a) *Form of Note; Signatures and Seal.* The Note shall be prepared in a form consistent with the provisions of this resolution and State law. The Note shall be signed by the Chair and Clerk of the Board, either or both of whose signatures may be manual or in facsimile, and the seal of the County or a facsimile reproduction thereof shall be impressed or printed thereon. If any

person whose manual or facsimile signature appears on the Note ceases to be an officer of the County authorized to sign notes before the Note bearing the person's manual or facsimile signature is authenticated by the Registrar, or issued or delivered by the County, the Note nevertheless may be authenticated, issued, and delivered and, when authenticated, issued, and delivered, shall be as binding on the County as though the person had continued to be an officer of the County authorized to sign notes. The Note also may be signed on behalf of the County by any person who, on the actual date of signing of the Note, is an officer of the County authorized to sign notes, although the person did not hold the required office on the Issue Date.

(b) *Authentication.* Only if the Note bears a Certificate of Authentication in substantially the following form, manually signed by the Registrar, shall the Note be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate of Authentication. This Note is the fully registered Jefferson County, Washington, Grant Anticipation Note described in the Resolution." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated, and delivered and is entitled to the benefits of this resolution.

Section 7. Payment of Note. Principal of and interest on the Note shall be payable in lawful money of the United States of America. Both principal and interest shall be payable by electronic transfer on the payment date to the Registered Owner at the address appearing on the Note Register. The final installment of principal of the Note shall be payable upon presentation and surrender of the Note by the Registered Owner to the Registrar. The Note shall not be subject to acceleration under any circumstances.

Section 8. Note Fund; Use of Note Proceeds.

(a) *Note Fund.* The Note Fund is created as a special fund of the County for the sole purpose of paying principal of and interest on the Note. So long as any principal of or interest on the Note is outstanding, the County shall deposit all proceeds of the Grants in the Note Fund. The County may, but is not obligated to, deposit other legally available money in the Note Fund. The principal of and interest on the Note shall be paid solely out of the Note Fund. Until needed for that purpose, the County may invest money in the Note Fund temporarily in any legal investment, and the investment earnings shall be retained in the Note Fund and used for the purposes of the Note Fund. At any time that no principal of or interest on the Note is outstanding, the County may withdraw any money then on deposit in the Note Fund and use such money for the purposes of the Note Fund.

(b) *Note Proceeds.* Proceeds of draws on the line of credit evidenced by the Note shall be deposited in the appropriate County fund and used to pay the cost of carrying out the Project. Until needed to pay such costs, the County may invest those proceeds temporarily in any legal investment, and the investment earnings shall be used for the purpose of carrying out the Project.

Section 9. Prepayment. The Note shall be subject to prepayment at the option of the County on terms acceptable to the Designated Representative, as set forth in the Bank Offer, consistent with the parameters set forth in Exhibit A.

Section 10. Failure To Pay Note. Except as otherwise provided in the Bank Offer, if any principal of the Note is not paid when due, the County shall be obligated to pay, solely from the Note Fund, interest on such principal at the same rate provided in the Note from and after its due date until such principal, together with interest accrued thereon, is paid in full.

Section 11. Pledge of Grant Proceeds. The County irrevocably pledges the proceeds of the Grants to the payment when due of principal of and interest on the Note, whether on or prior to the Maturity Date. The County shall, promptly following receipt of any proceeds of the Grants, apply such proceeds, to the extent available, to prepay any principal of the Note then outstanding, together with interest accrued thereon. The Registered Owner shall have no claim against the County for payment arising from the Note except for payment from the Note Fund and from the proceeds of the Grants pledged to be paid into the Note Fund. The Note does not constitute an obligation of the State, either general or special, or a general obligation of the County, but is a special obligation of the County. The Registered Owner shall have no claim against the State arising from the Note. Tax revenues may not be used directly or indirectly to secure or guarantee the payment of the principal of or interest on the Note.

Section 12. Tax Covenants; Designation of Note as a "Qualified Tax Exempt Obligation."

(a) *Preservation of Tax Exemption for Interest on Note.* The County covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the County treated as proceeds of the Note that will cause interest on the Note to be included in gross income for federal income tax purposes. The County also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Note.

(b) *Post-Issuance Compliance.* The Treasurer is authorized and directed to adopt and implement the County's written procedures to facilitate compliance by the County with the covenants in this Section and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Note from being included in gross income for federal tax purposes.

(c) *Designation of Note as a "Qualified Tax-Exempt Obligation."* The Board designates the Note as a "qualified tax-exempt obligation" for the purposes of section 265(b)(3) of the Code, and makes the following findings and determinations:

- (1) the Note does not constitute a "private activity bond" within the meaning of section 141 of the Code;
- (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the County and any entity subordinate to the County (including any entity that the County controls, that derives its authority to issue tax-exempt obligations from the County, or that issues tax-exempt

obligations on behalf of the County) will issue during the calendar year in which the Note is issued will not exceed \$10,000,000; and

- (3) the amount of tax-exempt obligations, including the Note, designated by the County as "qualified tax-exempt obligations" for the purposes of section 265(b)(3) of the Code during the calendar year in which the Note is issued does not exceed \$10,000,000.

Section 13. Delivery of the Note. The Designated Representative is authorized to select the Bank and accept the Bank Offer, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate County officials and staff, the County's placement agent, Bond Counsel, and other advisors. In accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the County. The Bank Offer shall set forth the Final Terms, and the terms provided therein shall be consistent with the terms of this resolution. The County is authorized to pay the fees and expenses of the Bank set forth in the Bank Offer. The Note will be prepared at County expense and will be delivered to the Bank in accordance with the Bank Offer, together with the approving legal opinion of Bond Counsel regarding the Note.

Section 14. Reporting Requirements. The County covenants to provide to the Registered Owner the financial and other information set forth in the Bank Offer.

Section 15. Supplemental and Amendatory Resolutions. The County may supplement or amend this resolution for any one or more of the following purposes without the consent of the Registered Owner:

- (a) To add covenants and agreements that do not materially adversely affect the interests of the Registered Owner, or to surrender any right or power reserved to or conferred upon the County.
- (b) To cure any ambiguities, or to cure, correct, or supplement any defective provision contained in this resolution in a manner that does not materially adversely affect the interests of the Registered Owner.

Section 16. General Authorization and Ratification. The Designated Representative and other appropriate officers of the County are individually and severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this resolution, and to do everything necessary for the prompt delivery of the Note to the Bank and for the proper application, use and investment of the proceeds of the Note. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 17. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to

be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 18. Effective Date of Resolution. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of County Commissioners of Jefferson County, Washington, at a regular open public meeting thereof, this ____ day of _____, 2024.

JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS

Heidi Eisenhour, Chair

Kate Dean, Commissioner

Greg Brotherton, Commissioner

ATTEST:

Carolyn Gallaway, CMC
Clerk of the Board

APPROVED AS TO FORM:

Foster Garvey PC
Bond Counsel

EXHIBIT A

PARAMETERS FOR FINAL TERMS

- | | | |
|-----|-----------------------------|---|
| (a) | Principal Amount. | The Note shall not exceed the principal amount of \$10,000,000. |
| (b) | Date. | The Note shall be dated the Issue Date, which date may not be later than one year after the effective date of this resolution. |
| (c) | Denomination, Name. | The Note shall be issued in the denomination of its principal amount, shall be numbered in the manner, and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative. |
| (d) | Interest Rate. | The Note shall bear interest at a fixed or variable rate per annum from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. No fixed rate of interest to be borne by the Note may exceed 7.00%, and no initial variable rate of interest to be borne by the Note may exceed 7.00%. |
| (e) | Payment Dates. | Interest shall be payable at the rates and on such dates as are acceptable to the Designated Representative. Principal shall be payable on the Maturity Date or in installments on such dates as are acceptable to the Designated Representative. |
| (f) | Final Maturity. | The Note shall mature on the Maturity Date, which shall not be later than December 1, 2026. |
| (g) | Prepayment Rights. | The Designated Representative may approve in the Bank Offer provisions for the optional prepayment of the Note. |
| (h) | Price. | The purchase price for the Note shall be par. |
| (j) | Other Terms and Conditions. | The Designated Representative may accept such additional terms, conditions, and covenants as the Designated Representative determines are in the best interest of the County, consistent with this resolution. |

CERTIFICATION

I, the undersigned, Clerk of the Board of County Commissioners of Jefferson County, Washington (the "County"), hereby certify as follows:

1. The attached copy of Resolution No. _____ (the "Resolution") is a full, true, and correct copy of an Resolution duly adopted at a regular meeting of the Board of County Commissioners (the "Board") of the County held at the regular meeting place thereof on _____, 2023, as that Resolution appears on the minute book of the County; and the Resolution is now in full force and effect;

2. A quorum of the members of the Board was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2024.

JEFFERSON COUNTY, WASHINGTON
BOARD OF COUNTY COMMISSIONERS

Carolyn Gallaway, CMC, Clerk of the Board



November 27, 2023

Ms. Stacie Prada, County Treasurer
Jefferson County, Washington

Mr. Jim Nelson, Senior Vice President
D.A. Davidson & Co

RE: Jefferson County Grant Anticipation Note Proposal

Dear Ms. Prada and Mr. Nelson,

Thank you for the opportunity to provide financing the County's borrowing request. Kitsap Bank (the "Bank") has approved the following commitment:

1. Borrower: Jefferson County, Washington (the "County")
2. Amount: Up to \$10,000,000 Grant Anticipation Note, 2023 (the "Note").
3. Maturity: The Note will mature December 1, 2026 and is prepayable at any time after issuance.
4. Form: Fully registered, bank qualified, tax-exempt revolving line of credit grant anticipation note (the "Note") issued by the County and purchased by the Bank at private sale.
5. Terms:
 - a. Terms: Interest will be due semi-annual on every June 1 and December 1 beginning June 1, 2024. Any outstanding principal and unpaid interest will be due at maturity.
 - b. Interest Rate: The interest rate on the Note will be variable at 70% of Kitsap Bank Prime Rate. As of the date of this proposal, Prime rate is currently 8.50% and the resulting Note rate would be 5.95%. The Note rate will be floored at 3.00%.
 - c. Draws: Draw requests will be submitted to the Bank using either the Bank's or a mutually agreed upon draw request form supported by the documents required to be submitted for grant reimbursement. Draw requests must be in amounts of \$250,000 or greater and received by the Bank by 11:00 A.M. for same day funding. Draw requests received after 11:00 A.M. will

kitsapbank.com

619 Bay Street | Port Orchard, WA 98366 | 360.876.7800

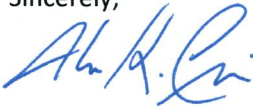
be funded the next business day

- d. Security: Grant Anticipation Note, 2023
- e. Transferability: The Bank will hold the Note with no intent to sell or transfer. However, the Note will include provisions allowing transfer to another qualified purchaser.
- 6. Fees: A \$5,000 fee will be charged for this credit facility. All legal costs incurred by the County for purposes of issuing the Note will be the responsibility of the County.
- 7. Additional Terms: The Note documents will be in the standard forms customarily required by the Bank for municipal funding and may include additional terms and conditions not discussed above. At the date of closing the Note, the financial condition and credit of the County 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 County, including litigation involving or claims filed against the County, any offers or commitments will terminate upon notice by the Bank. The County will designate the Bond as a "qualified tax-exempt obligation" under Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions. The County will provide the Bank with annual financial statements during the period the Note is outstanding and held by the Bank.
- 8. Expiration: This commitment will expire without notice if the Bond has not closed by January 12, 2024.

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 again for the opportunity to invest in this important project.

Sincerely,



Alan K. Crain, CPA
EVP & Chief Financial Officer

[kitsapbank.com](https://www.kitsapbank.com)

619 Bay Street | Port Orchard, WA 98366 | 360.876.7800