



Jefferson County

Grant Anticipation Note Financing for the Port Hadlock Wastewater Treatment Plant

January 2, 2024 1:30 PM

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SUMMARY OF BANK BIDS

As of October 24, 2023, 3:40 PM

Jefferson County, Washington

Summary of bank bids

\$10,000,000, Grant Anticipation Note, 3 years

RFP Respondents	Variable Interest Rate	Bank Origination Fee	Bank Counsel Fee	Unused fee on amount of 10MM not utilized	Prepayable Any Time at Par (100%)	Prepay Date	Term of Financing
Kitsap Bank	5.950% (1)	\$5,000	\$0	0.00%	Yes	1st of month	3 years
U.S. Bank	5.954% (2)	\$0	\$7,500	0.43%	Yes	1st of month	3 years

RFP Respondents	Fixed Interest Rate	Bank Origination Fee	Bank Counsel Fee	Unused fee on amount of 10MM not utilized	Prepayable Any Time at Par (100%)	Prepay Date	Term of Financing
Webster Bank	4.90% to 5.00% (3)	\$0	\$0	(4)	NO (3)	1st of month after 18 months	3 years

(1) Variable interest rate calculation for Kitsap Bank is the following: 70% of the Kitsap Bank Prime Rate (which is currently 8.50%) equals 5.950%.

(2) Variable interest rate calculation for U.S. Bank is the following: 80% of the 1 month Secured Overnight Financing Rate ("SOFR") plus 1.69%. Currently the 1 month SOFR is 5.33% times 80% plus 1.69% equals 5.954%.

(3) Fixed interest rate from Webster Bank. **Not prepayable in the first 18 months.**

Then from month 19 to month 24, there is a 1% fee on the principal amount that is pre-paid. As an example, 1% on \$5,000,000 is a prepay penalty fee of \$50,000. Then from month 25 to month 36, there is no prepayment penalty and the principal amount that is pre-paid is pre-paid at par (100%).

(4) With Webster Bank, you receive all of the \$10,000,000 upfront and start to pay interest on \$10,000,000 at least for the first 18 months.

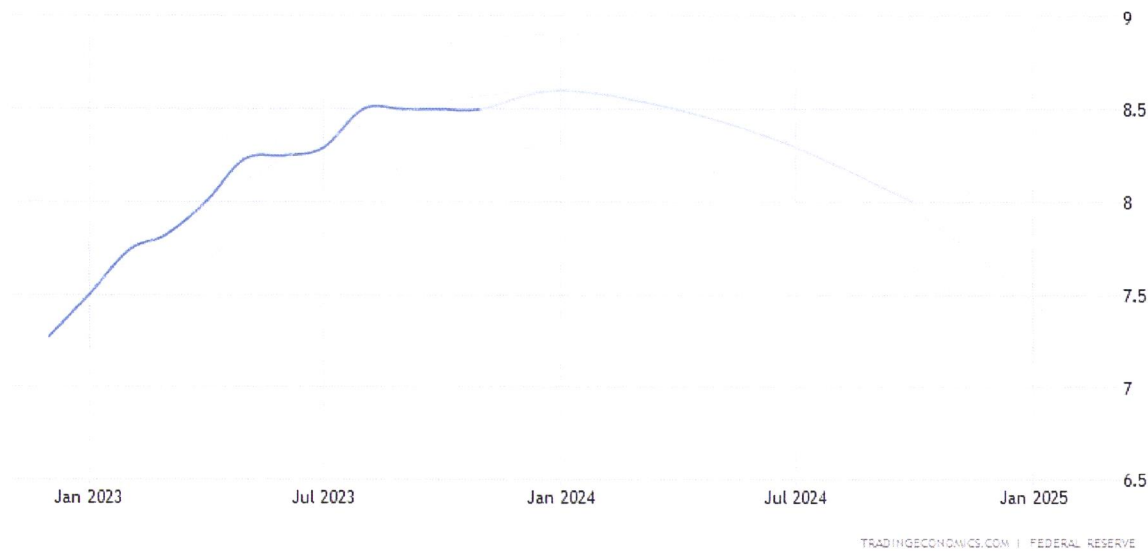
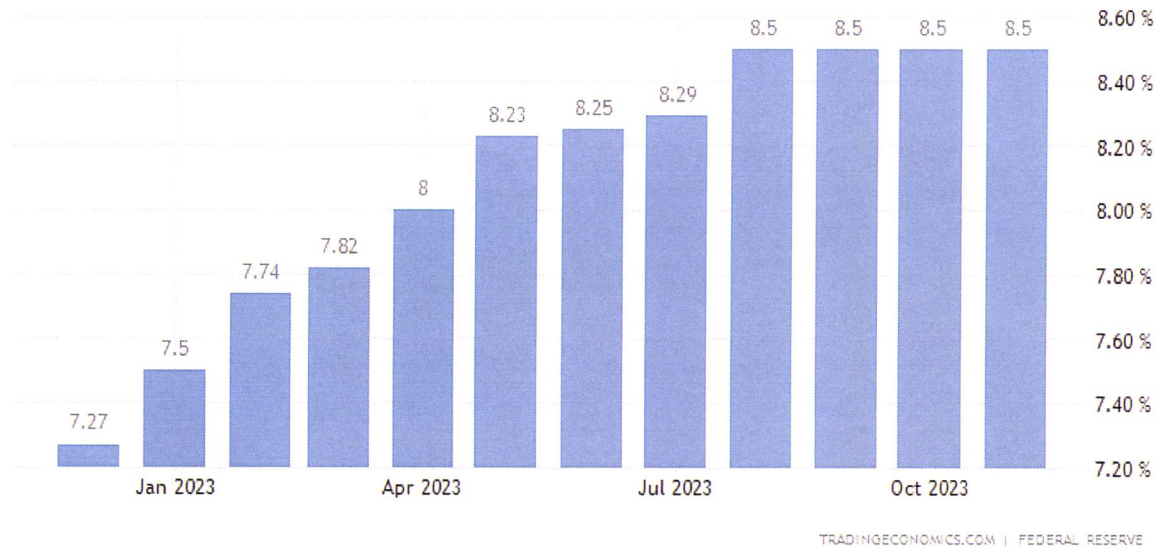


GRANT ANTICIPATION NOTE WITH KITSAP BANK

- ❑ The Grant Anticipation Note (line of credit) may not exceed \$10,000,000.
- ❑ Prepayable any time with no prepayment fee.
- ❑ Maximum term is 36 months, maturing December 1, 2026. Interest payments are due on June 1 and December 1, beginning June 1, 2024.
- ❑ Draw requests will be submitted to Kitsap Bank using a draw request form. Draw requests must be in amounts of \$250,000 or greater and received by the Bank by 11:00 AM for same day funding.
- ❑ The interest rate on the Grant Anticipation Note will be variable at 70% of Kitsap Bank's Prime Rate. At the time the proposal was submitted, the Prime Rate was 8.50%, the resulting Note interest rate is 5.95%.



PRIME INTEREST RATE AND FORECAST (AS OF 11/1/2023) – SOURCE IS TRADINGECONOMICS.COM



BOND MARKET INTEREST RATE TRENDS

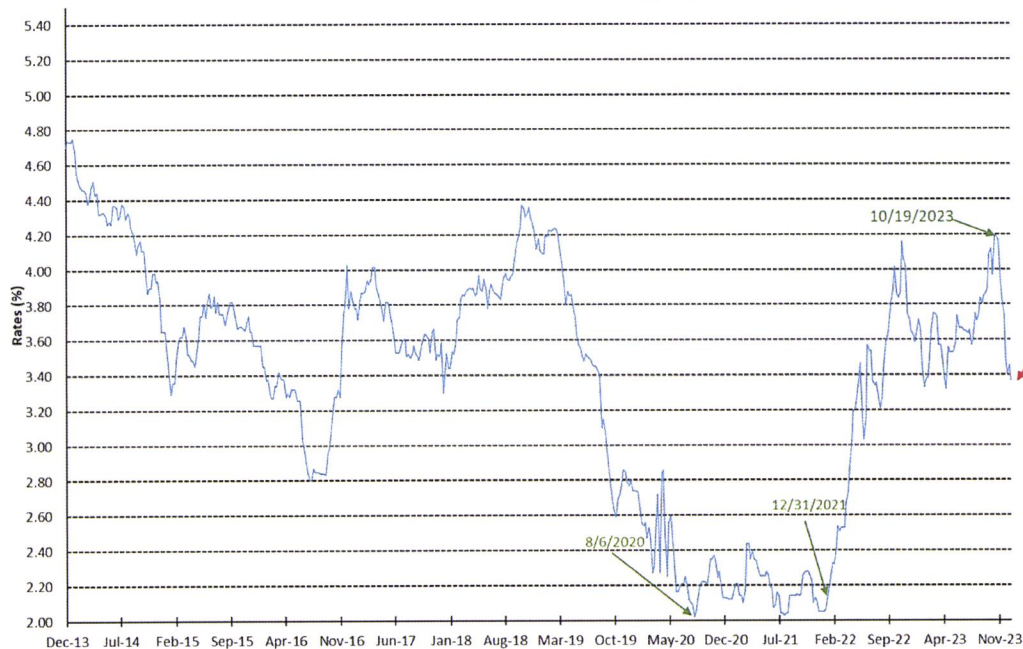
Source: The Bond Buyer

10-Year Treasury Notes
(10 year history) *As of December 22, 2023*



Source: The Bond Buyer

Bond Buyer 20-Year General Obligation Index*
(10 year history) *As of 12/22/2023*



*The "20-Bond G.O. Index" is comprised of 20 different issuers whose bonds have an average rating of AA/Aa2 that mature in the 20th year, *non bank-qualified*.



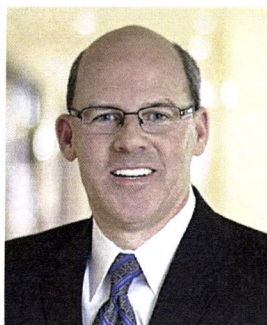
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SCHEDULE GOING FORWARD

- ❑ January 2 – Commissioners approve the Note Resolution
- ❑ January 5 – Comments received on the draft Closing Memo
- ❑ January 8 – Closing Memo is distributed
- ❑ January 18 – Closing of the Note, the Note proceeds become available.

APPENDIX 1

DAVIDSON'S PUBLIC FINANCE TEAM



JIM NELSON

MANAGING DIRECTOR
(206) 389-4062

30 Years in Public Finance

Main Office: Seattle, WA

Focuses on general municipal finance with counties, cities, and special districts.

Jim and the Company has served as bond underwriter/placement agent to a large number of Washington municipalities, including Jefferson County, Kitsap County, Clallam County, Whatcom County, Island County, Grays Harbor County, Pacific County, Pierce County, Chelan County, Douglas County, Okanogan County, Grant County, Franklin County, Benton County, Lincoln County, Adams County, Whitman County, Asotin County, among many others.

Jim is very experienced in assisting Washington municipalities with structuring bond financings and rating presentations.

He has completed over 600 financings with a par amount greater than \$6.0 billion.

FINRA Series 50, Series 52 and Series 63 Licenses

B.A. from the University of Washington



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DAVIDSON'S PUBLIC FINANCE TEAM

Mark Froio (Senior Vice President) – Bond underwriter and Bond Trader. Extensive market knowledge and experience to achieve lower interest rates. (Mark has 37 years of experience.)

Maura Lentini (Senior Vice President) – former Moody's rating analyst, assists with rating agency presentations and rating strategies. (Maura has 21 years of experience.)

Crystal Vogl (Senior Vice President) – Disclosure Specialist reviewing Official Statements and assisting with Continuing Disclosure requirements and deadlines. (Crystal has 20 years of experience.)

Suzanne Eide (Senior Vice President) – Note/Bond Structuring/Quantitative Specialist for revenue bonds, voted bonds, non-voted bonds, refunding bonds, and assessment bonds. (Suzanne has 20 years of experience.)

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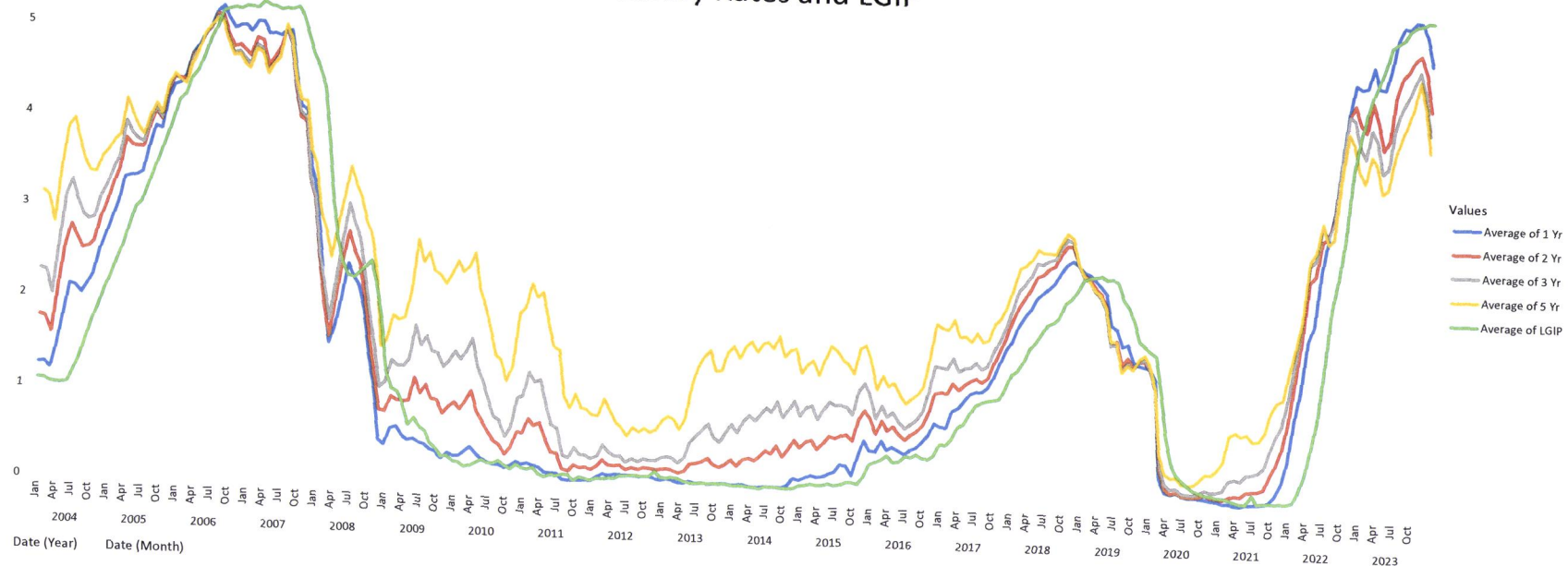
Required Disclosure Pursuant to MSRB Rule G-23: An underwriter's primary role will be to purchase as principal, or arrange for the placement of the securities in a commercial arm's length transaction with the issuer, and may have financial and other interests that differ from those of the issuer. In its capacity as underwriter and not as financial advisor, an underwriter may provide incidental financial advisory services at the issuer's request, including advice regarding the structure, timing, terms and other similar matters concerning the issuance. However, an underwriter does not assume any financial advisory or fiduciary responsibilities with respect to the issuer.



Average of 1 YrAverage of 2 YrAverage of 3 YrAverage of 5 YrAverage of LGIP

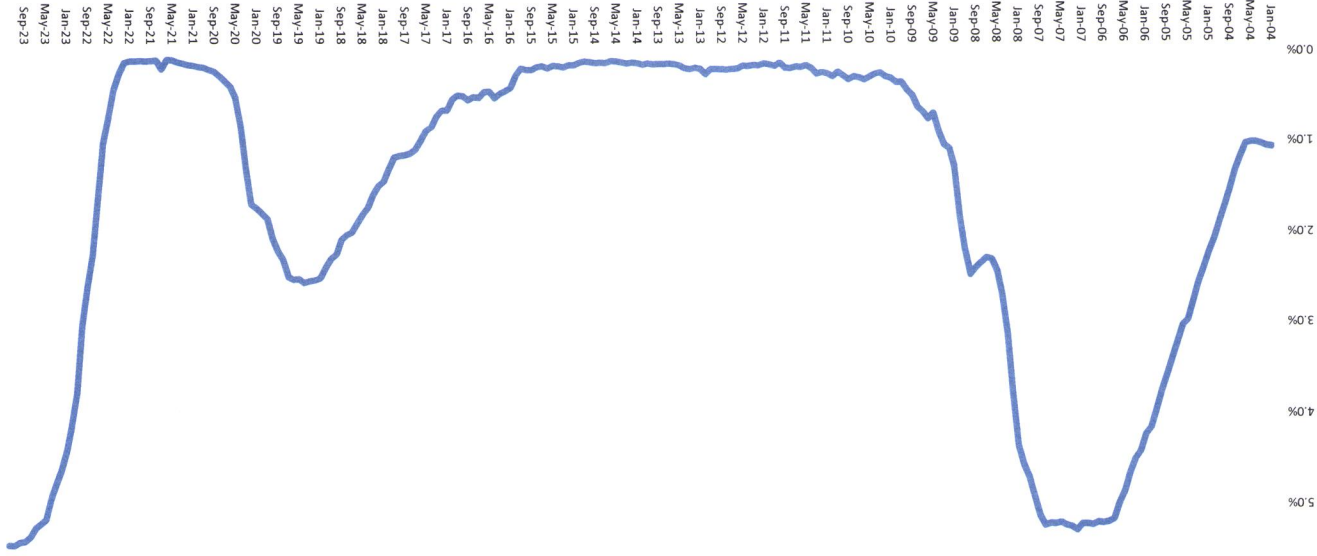
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Treasury Rates and LGIP



LIQUID INVESTMENTS

Local Government Investment Pool (LGIP)



LGIP		January	February	March	April	May	June	July	August	September	October	November	December
2023		1.0671%	1.0595%	1.0334%	1.0185%	1.0169%	1.0312%	1.1543%	1.3073%	1.5181%	1.7141%	1.8810%	2.0740%
2022		2.2197%	2.3955%	2.5502%	2.7703%	2.9758%	3.0411%	3.2135%	3.3998%	3.5788%	3.7576%	3.9627%	4.1605%
2021		4.2322%	4.5000%	4.6566%	4.8542%	4.9860%	5.1637%	5.2053%	5.1883%	5.2023%	5.1931%	5.2229%	5.2134%
2020		5.2113%	5.2768%	5.2372%	5.2260%	5.1936%	5.2068%	5.2653%	5.2265%	5.1232%	4.9108%	4.6885%	4.5607%
2019		4.3596%	3.7871%	3.1375%	2.6998%	2.4281%	2.2933%	2.2758%	2.3328%	2.3892%	2.4652%	2.1903%	1.8183%
2018		1.2669%	1.0689%	1.0301%	0.8905%	0.6678%	0.7396%	0.6507%	0.6036%	0.4703%	0.4164%	0.3300%	0.3347%
2017		0.2864%	0.2723%	0.2245%	0.2395%	0.2709%	0.3014%	0.2762%	0.2680%	0.2997%	0.2564%	0.2155%	0.2644%
2016		0.2328%	0.2189%	0.2338%	0.1718%	0.1394%	0.1583%	0.1561%	0.1723%	0.1688%	0.1127%	0.1480%	0.1305%
2015		0.1213%	0.1394%	0.1367%	0.1479%	0.1443%	0.1746%	0.1491%	0.1848%	0.1807%	0.1777%	0.1792%	0.2350%
2014		0.1745%	0.1650%	0.1778%	0.1667%	0.1351%	0.1233%	0.1197%	0.1231%	0.1233%	0.1260%	0.1161%	0.1278%
2013		0.1112%	0.1053%	0.1137%	0.1008%	0.0922%	0.0870%	0.1087%	0.1038%	0.1089%	0.0984%	0.0929%	0.1038%
2012		0.1345%	0.1347%	0.1577%	0.1431%	0.1428%	0.1491%	0.1449%	0.1561%	0.1871%	0.1676%	0.1676%	0.2529%
2011		0.3868%	0.4201%	0.4484%	0.4935%	0.4241%	0.4287%	0.4894%	0.4853%	0.5166%	0.4739%	0.4684%	0.5067%
2010		0.6304%	0.6304%	0.6996%	0.8291%	0.8687%	0.9794%	1.0733%	1.1100%	1.1285%	1.1380%	1.1560%	1.2752%
2009		1.4286%	1.4728%	1.5742%	1.7152%	1.7949%	1.8855%	1.9858%	2.0151%	2.0685%	2.2323%	2.2818%	2.3706%
2008		2.4920%	2.5129%	2.5228%	2.5393%	2.4996%	2.5056%	2.4775%	2.2875%	2.1960%	2.0542%	1.8307%	1.7741%
2007		1.7233%	1.6787%	1.2939%	0.8056%	0.4984%	0.3700%	0.3109%	0.2562%	0.2061%	0.1858%	0.1613%	0.1561%
2006		0.1339%	0.1346%	0.1139%	0.0766%	0.0766%	0.0753%	0.1773%	0.0789%	0.0871%	0.0936%	0.0862%	0.0908%
2005		0.0909%	0.1081%	0.2253%	0.4058%	0.4283%	0.4984%	0.51996%	0.53400%	0.53854%	0.53975%	0.54342%	0.54299%
2004		4.3957%	4.6093%	4.7564%	4.9283%	5.1498%	5.1996%	5.2383%	5.3400%	5.3854%	5.4342%	5.4299%	5.4299%