

Bank Loan Process

WPPA – Washington Public Ports Association

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Presented by:

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Washington Federal

Bank Loan Process

Disclosure

Washington Federal (the “Bank”) is providing the information contained in this document for discussion purposes only in connection with a proposed arm’s-length commercial banking transaction between you and the Bank. In providing this information, the Bank: (i) is acting for its own financial and other interests that may differ from yours; (ii) is not acting as your municipal advisor or financial advisor and has no fiduciary duty to you in connection with these materials; and (iii) is not recommending any action with respect to the information contained in this document. Before acting on this information, it should be discussed with the financial and/or municipal, legal, accounting, tax and other advisors you deem appropriate.

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RFP – Before & After

Before

- Feasibility of Issuance / Borrowing
 - Bond Counsel
 - Municipal Advisor
 - Sometimes – Banker

- Approval of Issuance / Borrowing
 - Ordinance / Resolution
 - Always a called a Bond, even if a Loan or Line of Credit (aka Credit Facility)

- RFP Preparation
 - The more detailed, the more your responses will be Apples to Apples

After

- RFP Response
 - The more detailed, the more your responses will be Apples to Apples

- Selection - What a Bank can do for you!
 - Borrower puts their feet up
 - Lender goes to work

- Closing & Funding

- On-going Monitoring
 - Reporting Requirements – to Bank
 - Annual Financials

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RFP Preparation

Issuer / Borrower

- Open to a Bank's ideas?

- Need specific things from a Bank?
 - A Term Sheet Rate lock?

 - An early call provision?

 - A specific principal payment schedule?

 - An unusual pledge?

 - Draw to term?

 - Step down line of credit?

 - Fixed rate line of credit?

Bank

- Nothing to do but wait!



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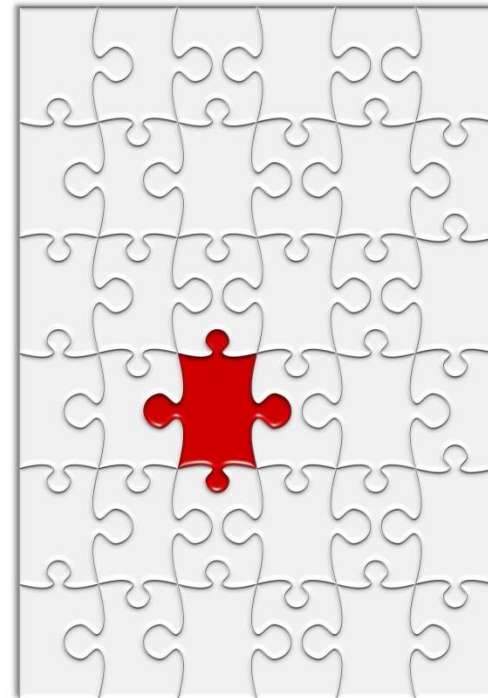
The Banks

Finding the right fit

- Community Banks
 - Umpqua Bank \$23 billion in assets (Portland)
 - **Washington Federal** **\$14 billion in assets (Seattle)**
 - Banner Bank \$9 billion in assets (Walla Walla)
 - Columbia Bank \$4 billion in assets (Tacoma)
 - Cashmere Valley \$1 billion in assets (Cashmere)

- Pretty Big Banks
 - US Bank \$423 billion in assets
 - Key Bank \$96 billion in assets

- Big Banks
 - JP Morgan Chase \$2.0 trillion in assets
 - Wells Fargo \$1.6 trillion in assets
 - Bank of America \$1.6 trillion in assets



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RFP Response

Issuer / Borrower

- Nothing to do but wait!



Bank

- Why do you need to Borrow Money?
 - Are you borrowing for new money?
 - Or replacing old money with a lower rate?
- How Much and for How Long?
 - Amounts and tenor dictate rate and affordability.
- How Will You Pay the Money Back?
 - What is the revenue source (or Security)?
 - A General Obligation?
 - A Revenue Pledge?
 - Are you offering a Reserve Requirement?
 - Can you manage to the Debt Service Coverage Ratios?

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Happy Days are Here Again!



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Closing & Funding

Issuer / Borrower

- You may have to provide additional info



Bank

- Full Credit Write Up
 - Very detailed - focused on cash flow, PSOR, SSOR, stress scenarios, forecasts & credit risks
- Final Credit Approval
 - Credit team reads write up and asks for clarifications, if needed
- Documentation Review to Closing

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Closing & Funding

No. R-1 \$6,350,419

UNITED STATES OF AMERICA
STATE OF WASHINGTON
PUBLIC UTILITY DISTRICT NO. 1 OF KITTITAS COUNTY
ELECTRIC REVENUE REFUNDING BOND, 2015

Final Maturity Date: **DECEMBER 1, 2029**
Interest Rate: **2.31%**
Registered Owner: **WASHINGTON FEDERAL, N.A.**
Principal Amount: **SIX MILLION THREE HUNDRED FIFTY THOUSAND FOUR HUNDRED NINETEEN AND NO/100 DOLLARS**

Public Utility District No. 1 of Kittitas County, Washington, a municipal corporation of the State of Washington (hereinafter called the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, but solely from the sources identified herein, the principal amounts on each December 1 as shown in Exhibit A, unless redeemed prior thereto as provided herein, together with interest on such Principal Amount from the date hereof or the most recent date to which interest has been paid or duly provided for at the Interest Rate (computed on the basis of a 360 day year of 12 30-day months) set forth above payable June 1, 2016, and each December 1 and June 1 thereafter until payment of the principal sum has been made or duly provided for. Both principal and of interest on this bond are payable in lawful money of the United States of America. This bond is issued pursuant to Resolution No. 876 of the District adopted on November 24, 2015 (the "Bond Resolution").

This bond, designated as the "Electric Revenue Refunding Bond, 2015," is issued by the District as fully registered fund to provide funds for the purpose of refunding certain electric system revenue bonds of the District, to fund the Reserve Account, if necessary, and to pay the costs related to the sale, issuance and delivery of the Bond. This bond is payable solely from the special fund of the District known as the "Electric Revenue Bond Fund" (the "Bond Fund"), which has been created by Resolution No. 665 of the District.

Installments of interest or principal of and interest on this bond are payable in lawful money of the United States of America and shall be paid by automatic deposit, or if unavailable, by check or draft mailed by the Kittitas County Treasurer, as ex officio Treasurer of the District (the "Bond Registrar") on or prior to the payment date to the Registered Owner at an address appearing on the books or records maintained by the Bond Registrar. The last installment of principal and interest shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the Bond Registrar.

The Bond Resolution permits the issuance of additional bonds payable from the Bond Fund ranking on a parity of lien on Net Revenue with the Bond, the 2005 Bonds, the 2009 Bonds and the 2013 Bonds.

Page 1 of 4

PUBLIC UTILITY DISTRICT NO. 1
COUNTY, WASHINGTON
RESOLUTION NO. 876

ing for the issuance and sale of a not to exceed
Bond, 2015, of the District to currently
Electric Revenue and Refunding Bonds, 2005;
representative to approve the final terms of the
other related matters.

D: November 24, 2015

Prepared by:
ER PEPPER PLLC
7rd Avenue, Suite 3400
Washington 98101
206) 447-4400

Exempt Governmental Obligations
Revenue Code section 109(c)
separate instructions
file under 8320/000, use Form 8038-GC.

OMB No. 1545-0020

Amended Return, check here ▶

1 Issuer's employer identification number (EIN) 91-4081832

2 Telephone number of other person shown on this

3 Report number (for 803) (See Only)

4 Date of issue 12/21/2016

5 CUSIP number N/A

6 Telephone number or office or other telephone number in U.S. (889) 943-7200

11
12
13
14
15
16
17 6,350,419.00
18

the entire issue for which this form is being filed

88 Bond redemption price amount	89 Weighted average maturity	90 Yield
6,350,419	7.797	3.310%
23		0.00
23		6,350,419.00
24 24,449.11		
25		0.00
26		0.00
27 6,350,419.00		
28		0.00
29		6,350,419.00
30		0.00

31 Enter the remaining weighted average maturity of the bonds to be currently refunded 8.980% 3082L
32 Enter the remaining weighted average maturity of the bonds to be advance refunded N/A 3082L
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) 01/20/2016
34 Enter the date the refunded bonds were issued (MM/DD/YYYY) 01/21/2005

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 837335 Form 8038-G (Rev. 9-2015)

December 21, 2015

Public Utility District No. 1 of Kittitas County, Washington Refunding Bond, 2015 - \$6,350,419

Washington 919

December 21, 2015, regarding the Refunding Bond, 2015 - \$6,350,419 with the bond. You may rely on

and counsel to Public Utility District No. 1 of Kittitas County, in connection with the issuance of the above-referenced bond (the "Bond") have examined such law and such certified proceedings and other necessary to render this opinion. As to matters of fact material to the representations contained in the certified proceedings and other documents furnished to us, without undertaking to verify the same by

by the District pursuant to Resolution No. 876 (the "Bond Resolution") to refund certain electric system revenue bonds of the District, and to pay the costs related to the sale, issuance and delivery of the Bond and the Bond Resolution for the definitions of capitalized terms defined herein.

herein concerning the completeness or accuracy of any official public sales or disclosure material relating to the issuance of the Bond.

Revenue Code of 1986, as amended (the "Code"), the District is in compliance with the requirements after the date of issuance of the Bond in order to interest on the Bond from gross income for federal income tax limitation, requirements concerning the qualified use of Bond proceeds or refinanced with Bond proceeds, limitations on investing in higher yielding investments in certain circumstances and the extent applicable to the Bond. The District has covenanted in writing those requirements, but if the District fails to comply with the Bond could become taxable retroactive to the date of issuance undertaken and do not undertake to monitor the District's compliance

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Why a Bank Loan?

Issuer / Borrower

- Benefits
 - Less time and work for the issuer
 - Pricing certainty with Term Sheet Rate Locks
 - Frequently, reduced cost of issuance
 - Frequently, ease of execution
 - Speed to funding
 - No ongoing public disclosure requirements
 - No ratings required
 - Often, more generous prepayment terms (example: no prepayment penalty)

Bank

- On-going monitoring
 - Annual review of financials
 - GO - Levy capacity, debt limits
 - Rev – DSC, Reserve confirmation

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All Questions Welcomed

Questions?

