

Resolution 2019-03

Authorization to Proceed with Entering into a New Loan with Kitsap Bank - 5560 Ocean View Loan

Whereas previous Port of Illahee Commissioners approved the purchase of the 5560 Ocean View property in 2009, and

Whereas the 5560 Ocean View property was purchased to provide the Port of Illahee with a meeting space and location nearer to Port residents. At that time meetings were being held at the Central Kitsap Fire Station on Old Military Road in Bremerton, which was well outside the Port District boundary, and

Whereas the 5560 Ocean View property provided a more convenient and better access location for the Port's monthly meeting for over two years, and

Whereas the meeting location changed in 2012 with the Port's purchase of the 5500 Illahee Road property that provided an even more convenient meeting room at the base of the Illahee Dock, and

Whereas at which time the 5560 Ocean View property was approved for a rental, to be administered by a property management company, and

Whereas previous and current Port Commissioners have decided over the preceding years the best use of the property was for the property to remain a rental, and

Whereas the Port of Illahee is currently scheduled to update its Comprehensive Scheme of Harbor Improvements, also referred to as a Comprehensive Plan, that will look at the Ports future plans, and

Whereas the Comprehensive Plan is likely to address property issues and possibly Port overlay zones, and

Whereas until the Comprehensive Plan is complete, the property shall remain a rental,

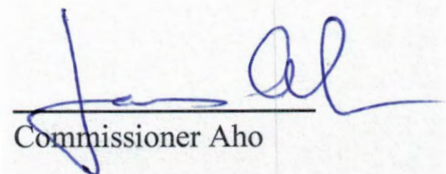
Therefore, the Port of Illahee hereby adopts Resolution 2019-03, authorizing the Port to proceed with entering into a new loan for the 5560 Ocean View loan as outlined in the attached commitment letter from Kitsap Bank dated October 8, 2019 attached hereto.



Commissioner Buesch



Commissioner Burton



Commissioner Aho



October 8, 2019

Commissioners
Port of Illahee
P.O. Box 2357
Bremerton, WA 98310

Thank you for the opportunity to propose an offer on the Port's borrowing request. Kitsap Bank (the "Bank") has approved the borrowing facility outlined in this commitment letter under the following terms:

1. **Borrower:** Port of Illahee (the "Port")
2. **Amount:** \$156,865.65 or amounts as needed to fully refinance existing Kitsap Bank loan
3. **Form:** Fully registered, tax-exempt private-activity limited tax general obligation bond (the "Bond") issued by the Port and purchased by the Bank at private sale.
4. **Purpose:** Refinance existing Kitsap Bank loan for the Port's 5560 Ocean View property
5. **Terms:** The Bonds will mature 15 years with semi-annual interest and principal payments due on June 1 and December 1 of each year commencing on June 1, 2020 to the maturity or earlier prepayment of the Bonds. For illustrative purposes, a proposed amortization schedule is set forth in the attached Exhibit 1 assuming \$156,865.65 is the total amount borrowed. The final amortization schedule will be based on the amounts needed to fully pay off the existing loan and on interest rates as set forth below.
6. **Interest Rate:** Interest will be at a fixed rate per annum on a 30/360 basis established at the time of adoption of the Port authorizing resolution. The rate will be established based on the Bloomberg Bank Qualified A rated fair value curve plus a spread of 100 basis points (1.00%) to the average maturity for the bond.
7. **Security** The Bonds will be a limited tax general obligation of the Port. For as long as the Bonds are outstanding, the Port will irrevocably pledge that it will budget and appropriate from all monies legally available, within the constitutional and statutory limitations provided by law without a vote of the electors of the Port, amounts sufficient to pay the principal of and interest on the Bonds when due. The full faith, credit, and resources of the Port would be pledged irrevocably for the budget and appropriation of those amounts and the prompt payment of that principal and interest
8. **Transferability:** The Bank will hold the Bond with no intent to sell or transfer. However, the Bond will include provisions allowing transfer to another qualified purchaser.

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9. Prepayment: The Port may prepay the Bond, in whole or in part, at any time. The Bank will not charge a prepayment fee on any amounts prepaid by the Port. The Port will provide the Bank with written notice of any intended prepayment at least 15 days prior to such prepayment date. Partial principal prepayments will be applied to the next scheduled amount due in succession up to the final amount due for complete repayment.
10. Fees: The Bank will charge a fee of 0.75% of the approved Bond amount, due at closing. All legal costs incurred by the Port for purposes of issuing the Bond will be the responsibility of the Port. Fees and legal costs may be paid from Bond proceeds.
11. Additional Terms: The Bond 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 Bond, the financial condition and credit of the Port and all other features of this transaction would be as represented to the Bank without material adverse change. In the event of adverse material changes in the credit worthiness of the Port, including litigation involving or claims filed against the Port, any offers or commitments would terminate upon notice by the Bank. The Port will designate the Bond as a "tax-exempt obligation". The Port will provide the Bank with annual financial statements during the period the Bond is outstanding.
12. Acceptance: This commitment is not binding unless the Port returns a signed copy of this letter via mail or email prior to close of business on December 31, 2019 at which time the commitment will expire without notice. If, after acceptance, the Bond has not closed by January 31, 2020, this commitment will expire without notice.

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.

If this commitment is acceptable to the Port, please sign and return the enclosed copy. Thank you for the opportunity to work with you.

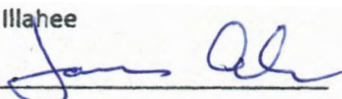
Sincerely,



Rich Martinez
SVP Director Municipal Banking

Acknowledged and accepted this 13th day of November, 2019

Port of Illahee

By: 

Title: Channa

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EXHIBIT 1
Port of Illahee
Proposed Debt Service Schedule

<u>Date</u>	<u>Principal Payment (Draw)</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Due</u>	<u>Cash Flow</u>
12/01/2019	(156,865.65)		\$ 156,865.65		\$ 156,865.65
06/01/2020	5,000.00	2.45%	151,865.65	2,207.15	(7,207.15)
12/01/2020	4,000.00	2.45%	147,865.65	2,145.90	(6,145.90)
06/01/2021	4,000.00	2.45%	143,865.65	2,096.90	(6,096.90)
12/01/2021	4,000.00	2.45%	139,865.65	2,047.90	(6,047.90)
06/01/2022	4,000.00	2.48%	135,865.65	1,998.90	(5,998.90)
12/01/2022	5,000.00	2.48%	130,865.65	1,949.30	(6,949.30)
06/01/2023	5,000.00	2.53%	125,865.65	1,887.30	(6,887.30)
12/01/2023	5,000.00	2.53%	120,865.65	1,824.05	(6,824.05)
06/01/2024	5,000.00	2.58%	115,865.65	1,760.80	(6,760.80)
12/01/2024	5,000.00	2.58%	110,865.65	1,696.30	(6,696.30)
06/01/2025	5,000.00	2.62%	105,865.65	1,631.80	(6,631.80)
12/01/2025	5,000.00	2.62%	100,865.65	1,566.30	(6,566.30)
06/01/2026	5,000.00	2.70%	95,865.65	1,500.80	(6,500.80)
12/01/2026	5,000.00	2.70%	90,865.65	1,433.30	(6,433.30)
06/01/2027	5,000.00	2.78%	85,865.65	1,365.80	(6,365.80)
12/01/2027	5,000.00	2.78%	80,865.65	1,296.30	(6,296.30)
06/01/2028	5,000.00	2.85%	75,865.65	1,226.80	(6,226.80)
12/01/2028	5,000.00	2.85%	70,865.65	1,155.55	(6,155.55)
06/01/2029	5,000.00	2.91%	65,865.65	1,084.30	(6,084.30)
12/01/2029	6,000.00	2.91%	59,865.65	1,011.55	(7,011.55)
06/01/2030	6,000.00	2.98%	53,865.65	924.25	(6,924.25)
12/01/2030	6,000.00	2.98%	47,865.65	834.85	(6,834.85)
06/01/2031	6,000.00	3.03%	41,865.65	745.45	(6,745.45)
12/01/2031	6,000.00	3.03%	35,865.65	654.55	(6,654.55)
06/01/2032	6,000.00	3.09%	29,865.65	563.65	(6,563.65)
12/01/2032	6,000.00	3.09%	23,865.65	470.95	(6,470.95)
06/01/2033	6,000.00	3.14%	17,865.65	378.25	(6,378.25)
12/01/2033	6,000.00	3.14%	11,865.65	284.05	(6,284.05)
06/01/2034	6,000.00	3.20%	5,865.65	189.85	(6,189.85)
12/01/2034	5,865.65	3.20%	-	93.85	(5,959.50)

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