



Limited Tax General Obligation Refunding Bonds, Series 2005
Lewis County, Washington
 July 29, 2015

As financial advisor to Lewis County (the “County”), PFM has reviewed the County’s debt for opportunities to refund outstanding bonds in order to realize savings in annual debt service. We have identified as a potential refunding candidate the County’s Limited Tax General Obligation Refunding Bonds, Series 2005 (the “2005 Bonds”). The 2005 Bonds’ call date was June 1, 2015, and they may now be refunded at any time, allowing interest rates to be reduced on bonds maturing December 2016 through 2024.

The 2005 Bonds

Par Amount	\$4,095,000
Maturities	December 1, 2015-2024
Interest Rates	3.80 – 4.50%
First Call Date	June 1, 2015

Given the relatively short remaining life of the 2005 Bonds (less than 10 years) and relatively small size (less than \$10 million), a refunding bond issue would be an attractive investment for a bank or other direct lender (as opposed to a public bond offering). PFM has solicited proposals from a variety of local, regional, and national banks. We have received six proposals, and recommend pursuing a direct placement refunding bond with Columbia Bank. Columbia Bank offered a fixed interest rate (2.13%) significantly lower than any other proposal, even after taking into account bank fees (\$3,780) and expenses (\$3,000). Based on our prior experience with Columbia Bank, we would expect the bond closing process to be simple and straightforward.

Preliminary Refunding Results

Average Interest Cost	2.13%
Average Annual Savings (2016-2024)	\$44,190
Total Net Present Value Savings	\$368,659
NPV Savings as % of Par	8.99%

Generally, a refunding is recommended when net present value (“NPV”) savings as a percentage of the principal amount of the refunded bonds exceeds 5.00%. The current market environment provides an opportunity for the County to exceed that threshold.

With consent from the Board of County Commissioners, we will work with Columbia Bank, its counsel, and Kutak Rock LLP (the County’s bond counsel) to complete the steps required for closing of the Bond in mid-August. This will allow the County to establish a refunding escrow and redeem the 2005 Bonds in mid-September.

Key Steps

July	PFM solicits term sheets from prospective bond purchasers/lenders
July	Kutak Rock, County Treasurer, and PFM review term sheets and work to craft bond resolution for Board consideration
August 10	Board considers adoption of bond resolution at regular meeting
August 13	Refunding bonds closed and delivered to Columbia Bank
September 14	Series 2005 Bonds redeemed