

POULSBO DISTRIBUTION SCHEDULE

ORDINANCE NO. 2011-06

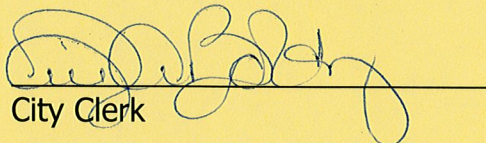
SUBJECT: Changing Interest Rate of the City's Limited Tax General Obligation Bond Anticipation Note, 2010

CONFORM AS TO DATES & SIGNATURES

- (X) Filed with the City Clerk: 04/07/2011
- (X) Passed by the City Council: 04/13/2011
- (X) Signature of Mayor
- (X) Signature of City Clerk
- (X) Publication: 04/22/2011
- (X) Effective: 04/27/2011
- () Recorded: N/A

DISTRIBUTED COPIES AS FOLLOWS:

- (X) NK Herald: Emailed by jb
- (X) Code Publishing - via email if in electronic format
- () City Attorney
- () Civil Service Commission and/or Sec/Chief Examiner
- () Clerk's Department:
- () City Council
- () Finance:
- (X) Posted to Library Drive and Website
- (X) Certified Copy: Key Bank


City Clerk

April 15, 2011
Date

CITY OF POULSBO, WASHINGTON

ORDINANCE NO. 2011-06

AN ORDINANCE of the City Council of the City of Poulsbo, Washington, amending Ordinance No. 2010-08 to extend the term and change the interest rate of the City's Limited Tax General Obligation Bond Anticipation Note, 2010.

WHEREAS, the City Council of the City of Poulsbo (the "City") passed Ordinance No. 2010-08, establishing a nonrevolving line of credit in the aggregate principal amount of not to exceed \$2,000,000 to provide financing for the cost of completing construction of a new City Hall; and

WHEREAS, the City issued its Limited Tax General Obligation Bond Anticipation Note, 2010 (the "Note") to KeyBank National Association (the "Bank") to evidence the line of credit; and

WHEREAS, it is in the best interest of the City to extend the term and change the interest rate of the Note, all pursuant to the proposal of the Bank dated April 7, 2011, which is attached as Exhibit A and incorporated herein by reference (the "Proposal");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, as follows:

Section 1. Extension of Term. The maturity of the Note shall be extended from April 19, 2011 to April 19, 2012.

Section 2. Changes to Interest Rate. Pursuant to the Proposal, the Note shall bear interest as provided in Ordinance No. 2010-08 through April 19, 2011. Effective April 19, 2011, unpaid principal amounts drawn under the Note shall bear interest at a per annum variable rate equal to (i) the Bank's Prime Rate minus 0.68%, multiplied by (ii) 65.01%. The interest rate

shall be calculated on the basis of a 360-day year and the actual days elapsed. The Bank's Prime Rate means the rate announced from time to time as its "Prime Rate," with the Prime Rate changing on the date each change in said Prime Rate is announced by the Bank. The interest rate on the Note shall change on each effective date of change in the Bank's Prime Rate. The Bank's Prime Rate may not be the lowest interest rate charged by the Bank on commercial or other extensions of credit. The City Council finds that the above interest rate is in the best interest of the City.

Section 3. Amendment of Ordinance No. 2010-08. Section 3 of Ordinance No. 2010-08 is deemed amended consistent with Section 1 and Section 2 of this ordinance. All other provisions of Ordinance No. 2010-08 shall remain unchanged and in full force and effect.

Section 4. Expenses. The City shall pay (a) the Bank a renewal fee of \$5,000 in connection with the extension of the Note, and (b) Bank's counsel fees in an amount not to exceed \$1,500.

Section 5. General Authorization. The City's Mayor, Finance Director, City Clerk and other City officers are authorized to take any action necessary to implement this ordinance and the terms of the Proposal.

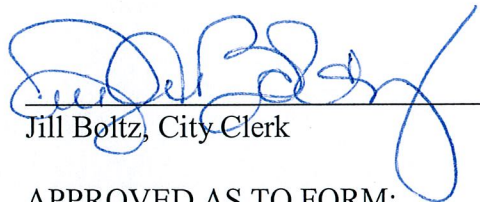
Section 6. Effective Date. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Poulsbo, Washington, at a regular open public meeting thereof, on the 13th day of April, 2011.



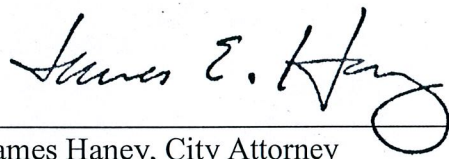
Rebecca Erickson, Mayor

ATTEST:



Jill Boltz, City Clerk

APPROVED AS TO FORM:



James Haney, City Attorney

Approved as to form and legality:

Foster Pepper PLLC
Bond Counsel to the City of Poulsbo

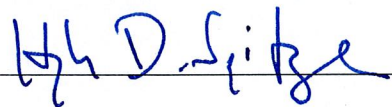


EXHIBIT A
BANK'S PROPOSAL

Commitment Letter

April 7, 2011

Deborah Booher
Finance Director
City of Poulsbo
19050 Jensen Way NE
Poulsbo, WA 98370



Re: City of Poulsbo
\$2,000,000 Limited Tax General Obligation Note

Dear Deborah:

KeyBank is pleased to offer the City of Poulsbo, Washington the following proposal in response to your request for the 12-month renewal of the \$2,000,000 Limited Tax General Obligation Note.

OBLIGOR:	City of Poulsbo, Washington (the "City")
FACILITY:	\$2,000,000 Limited Tax General Obligation Note, (Line of Credit)
PURPOSE:	Proceeds for interim financing for a New City Hall. This Facility will bridge the receipt of proceeds from the sale of property and/or issuance of bonds.
SECURITY:	Pledge of general revenue of the City
TAX STATUS:	Bank qualified, tax exempt
BASIS:	Interest payments will be calculated on an actual/360 day basis
RENEWAL FEE:	\$5,000 paid to Bank
MATURITY:	April 19, 2012
INTEREST RATE:	Variable interest rate will be calculated based on the Prime Rate. The interest rate will be determined by the formula noted below:

(Prime Rate minus 0.68%) times 65.01% = 1.67%

"Prime Rate" shall mean the rate announced from time to time by Bank as its Prime Rate, with the Prime Rate changing on the date each change in said Prime Rate is announced by Bank. The Prime Rate may not be the lowest interest rate charged by the Bank on commercial or other extensions of credit. Prime Rate as of April 7, 2011 is 3.25%.

Commitment Letter

REPAYMENT TERMS: Interest due semi annually, principal due at Maturity

PREPAYMENT: Full redemption flexibility. Principal may be repaid at anytime. There will be no fee or penalty for prepayment.

COVENANTS: The Bank is to receive full-year unaudited financial statements from the City within 180 days of each fiscal year-end, the audited statements within 10 days of its completion, and other information as Bank may from time to time reasonably request.

DOCUMENTATION: All required documentation including the borrowing resolution, the Note (Line of Credit), and the associated tax and validity opinion, will be prepared by acceptable Bond counsel, and delivered to Bank prior to closing. All documents must be acceptable to Bank and Bank's legal counsel. All legal fees for this documentation will be assessed to the account of the City.

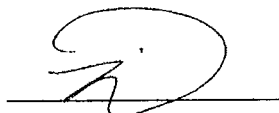
EXPENSES: The City shall pay all costs and expenses including the Bank's outside and in-house attorney's costs and fees, and any other costs of the Bank in connection with this Facility. Costs are estimated not to exceed \$1,500.

The Bank's proposed obligation under this proposal shall be subject to satisfaction of all of the conditions contained herein and all documentation that is customarily undertaken in a loan transaction and is subject to the final credit approval. The issuance of this proposal shall not prejudice the Bank's rights of review and approval, including without limitation, of all documents and materials heretofore delivered to the Bank by or on behalf of the City.

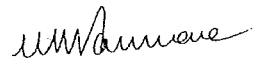
Sincerely,



Anthony J. Pass
Vice President



Timothy A. Mansfield
Vice President



Uma Vanmane
Vice President

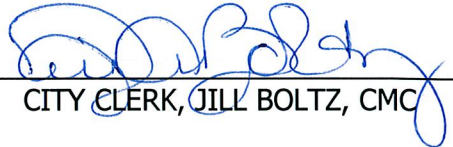
SUMMARY OF ORDINANCE NO. 2011-06
of the City of Poulsbo, Washington

On April 13, 2011, the City Council of the City of Poulsbo, Washington, approved Ordinance No. 2011-06, the main point of which may be summarized by its title as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, AMENDING ORDINANCE NO. 2010-08 TO EXTEND THE TERM AND CHANGE THE INTEREST RATE TO THE CITY'S LIMITED GENERAL OBLIGATION BOND ANTICIPATION NOTE, 2010.

The full text of this ordinance will be mailed upon request.

DATED this 15th day of March, 2011.



CITY CLERK, JILL BOLTZ, CMC