

**CITY OF BURIEN  
AGENDA BILL**

<b>Agenda Subject:</b> Discussion of and Possible Motion to Approve an Ordinance Authorizing the Issuance and Sale of a Limited Tax General Obligation Bond Anticipation Note		<b>Meeting Date:</b> June 20, 2011
<b>Department:</b> Legal/Finance	<b>Attachments:</b> 1. Ordinance No. 553	<b>Fund Source:</b> N/A <b>Activity Cost:</b> N/A <b>Amount Budgeted:</b> N/A <b>Unencumbered Budget Authority:</b> N/A
<b>Contact:</b> Kim Krause, Finance Director		
<b>Telephone:</b> (206) 439-3150		
<b>Adopted Initiative:</b> Yes      No X	<b>Initiative Description:</b>	
<p><b>PURPOSE/REQUIRED ACTION:</b> The purpose of this agenda item is for Council to discuss and approve Ordinance No. 553 Authorizing the Issuance and Sale of a Limited Tax General Obligation Bond Anticipation Note of the City in the principal amount not to exceed \$1,750,000 for the purpose of financing a legal settlement.</p> <p><b>BACKGROUND (Include prior Council action &amp; discussion):</b> On June 6, 2011, the City Council approved a settlement agreement with Frank Coluccio Construction Company and its subcontractors in the amount of \$2,940,355 for work performed on the 1<sup>st</sup> Avenue South Capital Improvement Project. The City has already paid \$190,355 toward this settlement and must make the final payment in two increments, \$1,000,000 on June 10, 2011, and \$1,750,000 on July 8, 2011.</p> <p>The City has enough cash available to make the initial payment of \$1,000,000 from the General Fund and is requesting Council approval of the Bond Anticipation Note for the second payment of \$1,750,000. The City has received an offer from KeyBank National Association dated June 3, 2011 to establish a line of credit in an amount not to exceed \$1,750,000. The City will issue a limited tax general obligation bond anticipation note to evidence such line of credit. The cost to open the line of credit is \$2,500 plus reimbursement of any direct costs incurred by the Bank in connection with this line of credit, not to exceed \$1,500. The interest rate on the line of credit is 1.95% and the maturity date is September 30, 2011.</p> <p>Staff will present a bond ordinance to Council on July 12, 2011 to fund the repayment of the settlement agreement. The bond ordinance will also include approximately \$2.7 million in 1<sup>st</sup> Avenue project costs that were unfunded, approximately \$200,000 in funding for the Normandy Park Bridge and potentially, funding to cover the cost of all or part of the work to complete 1<sup>st</sup> Avenue South. It is anticipated that the City will receive the bond proceeds on September 1, 2011.</p> <p><b>OPTIONS (Including fiscal impacts):</b></p> <ol style="list-style-type: none"> <li>1. Approve Ordinance No. 552, Authorizing the Issuance and Sale of a Limited Tax General Obligation Bond Anticipation Note in the principal amount not to exceed \$1,750,000. This note will be financed by a line of credit with KeyBank at a cost not to exceed \$4,000 plus interest at the rate of 1.95%.</li> </ol>		
<b>Administrative Recommendation:</b> Approve Ordinance No. 553		
<b>Committee Recommendation:</b> N/A		
<b>Advisory Board Recommendation:</b> N/A		
<b>Suggested Motion:</b> Move to Approve Ordinance No. 553, Authorizing the Issuance and Sale of a Limited Tax General Obligation Bond Anticipation Note.		
Submitted by: Craig Knutson/Kim Krause		
<b>Administration</b> _____	<b>City Manager</b> _____	
<b>Today's Date:</b> June 13, 2011	<b>File Code:</b> <a href="R:/CC/AgendaBill2011/062011ad-1 line of credit">R:/CC/AgendaBill2011/062011ad-1 line of credit</a>	



CITY OF BURIEN, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION  
BOND ANTICIPATION NOTE, SERIES 2011

ORDINANCE NO. 553

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,750,000 FOR THE PURPOSE OF FINANCING A LEGAL SETTLEMENT; PROVIDING THE FORM, TERMS, CONDITIONS, COVENANTS AND MATURITY OF THE NOTE; AUTHORIZING THE SALE OF THE NOTE; AND PROVIDING FOR THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY.

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PASSED: JUNE 20, 2011

PREPARED BY:

PACIFICA LAW GROUP LLP  
Seattle, Washington

CITY OF BURIEN  
ORDINANCE NO. 553  
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\* This Table of Contents is provided for convenience only and is not a part of this ordinance.

CITY OF BURIEN, WASHINGTON

ORDINANCE NO. 553

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,750,000 FOR THE PURPOSE OF FINANCING A LEGAL SETTLEMENT; PROVIDING THE FORM, TERMS, CONDITIONS, COVENANTS AND MATURITY OF THE NOTE; AUTHORIZING THE SALE OF THE NOTE; AND PROVIDING FOR THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY.

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**WHEREAS**, the City Council (the “Council”) of the City of Burien, Washington (the “City”), has deemed it in the best interest of the City and its citizens that the City finance a legal settlement relating to *Frank Coluccio Construction Company, Inc. v. City of Burien*, Cause No. 10-2-07215-2 filed in King County Superior Court (the “Project”); and

**WHEREAS**, the City is authorized by chapter 35A.40 RCW to issue its general obligation bonds to pay the costs of the Project and RCW 39.46.050 provides that a local government authorized to issue bonds may establish a line of credit with any qualified depository to be drawn upon in exchange for its obligation; and

**WHEREAS**, the City intends to refinance amounts drawn on the line of credit with lawfully available funds, and if necessary, with the proceeds of one or more series of limited tax general obligation bonds; and

**WHEREAS**, the City has received the offer of KeyBank National Association (the “Bank”) dated June 3, 2011 set forth in Exhibit A attached hereto (the “Proposal”) to establish a line of credit for the purpose of financing the Project; and

**WHEREAS**, it is deemed necessary and advisable that the City accept the Bank’s offer to establish the line of credit in an amount of not to exceed \$1,750,000 and to issue to the Bank a limited tax general obligation bond anticipation note in the principal amount of not to exceed \$1,750,000 (the “Note”) to evidence such line of credit;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON DOES ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

**Bank** means KeyBank National Association.

**Bond Counsel** means Pacifica Law Group LLP or any other nationally recognized bond counsel firm.

**Bonds** mean the limited tax general obligation bonds to be issued by the City to pay and redeem the Note.

**City** means the City of Burien, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State of Washington.

**City Manager** means the City Manager of the City, or his designee as appointed by the City Manager in writing, or any successor to the functions of that position.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

**Council** means the City Council as the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

**Federal Tax Certificate** means the Federal Tax Certificate signed by the Finance Director or the City Manager pertaining to the tax-exemption of interest on draws on the Note.

**Finance Director** means the Finance Director of the City, or the successor to such officer.

**Interest Rate** means the fixed rate of interest of 1.95 percent, which was determined as provided in the Proposal.

**Note** means the City's Limited Tax General Obligation Bond Anticipation Note, Series 2011 authorized to be issued pursuant to this ordinance.

**Note Fund** means the "City of Burien Bond Anticipation Note Redemption Fund, 2011" authorized to be created pursuant to this ordinance.

**Note Register** means the registration records for the Note maintained by the Note Registrar.

**Note Registrar** means the Finance Director, whose duties include registering and authenticating the Note, maintaining the Note Register, transferring ownership of the Note, and paying the principal of and interest on the Note.

**Outstanding Principal Balance** means on any particular day the aggregate of all funds that the City has drawn from the Bank under the Note to that day, less the aggregate of all principal payments on the Note made by the City on or before that day.

**Project** means the project described in Section 2 of this ordinance.

**Project Fund** means the “Project Fund” as described in Section 8 of this ordinance.

**Proposal** means the proposal letter submitted by the Bank to purchase the Note and included as Exhibit A attached hereto.

**Registered Owner** means the person in whose name the Note is registered on the Note Register.

**Request for Draw** means a written request by the City Manager or Finance Director for a draw from the line of credit authorized to be established by this ordinance, in substantially the form set forth in Exhibit B attached hereto.

**Rule** means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

(b) **Interpretation.** In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance;

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neutral genders and words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of the Project. The Note is being issued to finance a legal settlement relating to *Frank Coluccio Construction Company, Inc. v. City of Burien*, Cause No. 10-2-07215-2 filed in King County Superior Court and to pay costs of issuing the Note.

Section 3. Authorization of Bonds. For the purpose of providing funds to finance or refinance the Project, including costs of issuing the Note and the Bonds, there shall be issued and sold limited tax general obligation bonds of the City to be designated the “City of Burien, Washington, Limited Tax General Obligation Bonds” in an amount at least sufficient to pay the principal of and interest on the Note or any additional bond anticipation notes issued to redeem the Note on or before maturity, to the extent not paid from other sources.

The Bonds to be issued shall be in such series, principal amounts, denomination(s) and form; shall be dated and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of payment prior to maturity; shall contain and be subject to such covenants; may be combined with any subsequently authorized bonds and issued as a single combined series, as provided hereafter by ordinance of the Council. The Bonds shall be payable from annual taxes levied within and as part of the tax levy permitted to the City without a vote of the people together with other money of the City that may be legally used and that the City may apply for such for purpose. The full faith, credit and resources of the City are pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 4. Authorization of the Note. In anticipation of the issuance of the Bonds, the City shall, for the purpose of financing costs of the Project and costs of issuing the Note, establish a line of credit. To evidence such line, the City shall issue a short-term obligation in the principal amount of not to exceed \$1,750,000. The short-term obligation shall be designated the “City of Burien, Washington, Limited Tax General Obligation Bond Anticipation Note, Series 2011,” shall be dated as of its date of delivery, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature on September 30, 2011. Amounts drawn on the line of credit evidenced by the Note shall bear interest at the Interest Rate pursuant to a Request for Draw in substantially the form set forth on Exhibit B, which is hereby incorporated by this reference. The City shall maintain records of amounts drawn on the Note. The City hereby delegates to the City Manager or Finance Director authority to make written Request for Draws pursuant to the terms of this ordinance.

Interest on each draw on the Note shall accrue from the date money is drawn until paid and shall be calculated per annum on the basis of a 360-day year and the actual number of days elapsed. All accrued interest and principal on the Note shall be payable at maturity or upon prepayment.

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Note Registrar.* The Finance Director shall act as Note Registrar. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note if transferred or exchanged in accordance with the provisions of the Note and this ordinance and to carry out all of the Note Registrar’s powers and duties under this ordinance.

(b) *Registered Ownership.* The City and the Note Registrar may deem and treat the Registered Owner of the Note as the absolute owner for all purposes, and neither the City nor the Note Registrar shall be affected by any notice to the contrary. Payment of the Note shall be made only as described in subsection (e) below. All such payments made as described in subsection (e) below shall be valid and shall satisfy the liability of the City upon the Note to the extent of the amount so paid.

(c) *No Transfer or Exchange of Registered Ownership.* The Note shall not be transferrable unless (i) the Bank's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Bank by means of a corporate merger, an exchange of stock, or a sale of assets.

(d) *Registration Covenant.* The City covenants that, until the Note has been surrendered and canceled, it will maintain a system for recording the ownership of the Note that complies with the provisions of Section 149 of the Code.

(e) *Place and Medium of Payment.* Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Principal on the Note shall be payable by check or warrant or by other means mutually acceptable to the Bank and the City. Interest shall be payable as provided in Section 4. Upon final payment of principal and interest of the Note, the Registered Owner shall surrender the Note for cancellation at the office of the Note Registrar.

Section 6.     Form of Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$1,750,000  
(or as much thereof as  
may be drawn hereunder)

STATE OF WASHINGTON

CITY OF BURIEN  
LIMITED TAX GENERAL OBLIGATION  
BOND ANTICIPATION NOTE, SERIES 2011

INTEREST RATE:           1.95%  
MATURITY DATE:         SEPTEMBER 30, 2011  
REGISTERED OWNER:     KEY BANK NATIONAL ASSOCIATION  
PRINCIPAL AMOUNT:     NOT TO EXCEED ONE MILLION SEVEN HUNDRED FIFTY  
                                  THOUSAND AND NO/100

The City of Burien, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, on or before the Maturity Date identified above, the Outstanding Principal Balance (as defined in the within-

mentioned Note Ordinance). The Outstanding Principal Balance shall bear interest at the Interest Rate identified above, as set forth in Ordinance No. 553 of the City, adopted on June 20, 2011 (the "Note Ordinance"). Interest on each draw making up the Outstanding Principal Balance shall accrue from the date money is drawn, pursuant to a Request for Draw, until paid and shall be computed per annum on the principal amount outstanding on the basis of a 360-day year and the actual number of days elapsed. All accrued interest and principal on this note shall be payable on the Maturity Date identified above or upon early prepayment. Capitalized terms used in this note have the meanings given such terms in the Note Ordinance.

Both principal of and interest on this note are payable in lawful money of the United States of America. Principal and interest shall be paid to the Registered Owner out of the Note Fund of the City.

The City may prepay this note on any date without penalty or fee as provided in the Note Ordinance. Interest shall cease to accrue on the date this note is paid in full.

Individual advances under this note have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

The City hereby irrevocably covenants that it will issue general obligation bonds or refunding notes in amounts sufficient, with other money legally available therefor, to pay the principal of and interest on this note as the same shall become due. The City further covenants that it will levy taxes annually upon all the taxable property in the City within the levy limits permitted to cities without a vote of the electors and in amounts sufficient, with other moneys legally available therefor, to pay the principal of and interest on this Note as the same shall become due. The full faith, credit, and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Note Registrar or its duly designated agent.

This note is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted ordinances of the City, to provide interim financing for a legal settlement and to pay costs of issuance for this note.

This note is not transferrable unless (i) the Registered Owner's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Registered Owner by means of a corporate merger, an exchange of stock, or a sale of assets.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this note have happened, been done and performed and that



also be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Note, are the proper officers of the City, although at the original date of such Note any such person shall not have been such officer of the City.

Section 8. Application of Note Proceeds. The City shall establish a fund designated the "Project Fund" (the "Project Fund") into which the proceeds of draws on the Note shall be deposited. Money in the Project Fund shall be used to pay the costs of the Project and costs of issuance of the Note. The Finance Director may invest money in the Project Fund in legal investments for City funds. Earnings on such investments shall accrue to the benefit of the Project Fund. Money remaining in the Project Fund after all costs of the Project have been paid (including costs of issuance) may be used for any lawful City purpose.

Section 9. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on amounts drawn on the Note and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on amounts drawn on the Note.

The initial draw on the Note is subject to the written approval of Bond Counsel and must be accompanied by a Federal Tax Certificate and an Internal Revenue Service Form 8038-G prepared by Bond Counsel. Subsequent draws shall not require approval of Bond Counsel. Draws on the Note are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. The City does not reasonably expect to issue more than \$10,000,000 in tax-exempt debt during calendar year 2011.

Section 10. Note Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of a fund to be used for the payment of debt service on the Note, designated as the "City of Burien Bond Anticipation Note Redemption Fund, 2011" (the "Note Fund"). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note.

The City hereby irrevocably covenants that it will issue the Bonds or refunding bond anticipation notes in amounts sufficient to pay such principal and interest on the Note as the same shall become due. Money in the Note Fund not needed to pay the interest or principal next coming due may be invested in legal investments for City funds.

The City hereby irrevocably covenants and agrees that, unless the principal of and interest on the Note are paid from other sources, it will make annual levies of taxes upon all of the property in the City subject to taxation within and as a part of the tax levy permitted to cities without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 11. Right of Prepayment. The City may prepay all or portions of the Outstanding Principal Balance on any date without penalty or fee, as provided in the Bank's Proposal. If the Note is prepaid in full, interest shall cease to accrue on the date such prepayment occurs.

Section 12. Sale of the Note. The City hereby accepts the Bank's Proposal in accordance with the terms contained in this ordinance and the Bank's Proposal, which is attached as Exhibit A. The Finance Director is hereby authorized to agree to any other terms, conditions and covenants that are in the best interest of the City and in accordance with the Bank's Proposal.

The appropriate City officials are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Note and for the proper application and use of the proceeds thereof. Upon delivery of the Note, the City shall pay the Bank a fee equal to \$2,500 which payment shall be made by check, wire transfer or other mutually acceptable means.

Section 13. Ongoing Disclosure; Information to be Provided to Bank. The Note is exempt from ongoing disclosure requirements of the Rule.

While the Note is outstanding, the City will provide the following information to the Bank:

- (a) Unaudited financial statements for the City within 180 days of each fiscal year end (the City's fiscal year currently ends December 31);
- (b) Audited financial statements within 10 days of completion; and
- (c) Such other information as may be reasonably requested by the Bank from time to time.

Section 14. Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed, the Note Registrar may execute and deliver a new Note of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Note Registrar in connection therewith and upon his/her/its filing with the City evidence satisfactory to the City that such Note was actually lost, stolen or destroyed and of his/her/its ownership thereof, and upon furnishing the City and/or the Note Registrar with indemnity satisfactory to the City and the Note Registrar.

Section 15. Reimbursement Declaration. Pursuant to U.S. Treasury Regulation Section 1.150-2(e), the City reasonably expects to reimburse the expenditures described in this Section 15 with the proceeds of bonds or other obligations to be incurred by the City, which may include but are not limited to the Bonds authorized in Section 3 of this ordinance. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of such bonds or other obligations include (a) the construction, improvement and maintenance of roads and streets, (b) the construction, improvement and maintenance of the Sylvester Road Bridge, and (c) additional costs associated with the legal settlement described in

Section 2 of this ordinance. The maximum principal amount of debt obligations expected to be issued for the projects described in this Section 15 is \$7,000,000.

This declaration is made solely for purposes of reimbursement should the City determine to issue bonds or other obligations for the projects described above. Such declaration shall not obligate the City to issue the bonds or other obligations described in this section. The issuance of the bonds or other obligations shall require separate and additional official approval by the Council.

Section 16. Severability; Ratification. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Note. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 17. Effective Date of Ordinance. This ordinance shall be effective five (5) days after its passage, approval and publication as provided by law.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 20TH DAY OF JUNE, 2011, AND SIGNED IN AUTHENTICATION OF ITS PASSAGE OF THIS 20TH DAY OF JUNE, 2011.

CITY OF BURIEN, WASHINGTON

\_\_\_\_\_  
Joan McGilton, Mayor

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Monica Lusk, City Clerk

Approved as to form:

\_\_\_\_\_  
Craig Knutson, City Attorney

Filed with the City Clerk: \_\_\_\_\_

Passed by the City Council: \_\_\_\_\_

Ordinance No. 553

Date of Publication: \_\_\_\_\_

**Exhibit A**

Bank's Proposal  
(attached)

Proposal Letter



June 15, 2011

Ms. Kim Krause  
Finance Director  
400 SW 152<sup>nd</sup> Street  
Burien WA 98146  
City of Burien

1301 5<sup>th</sup> Ave  
Seattle WA 98101

Phone: 206-343-6826  
Fax: 206-689-5454

Re: City of Burien  
\$1,750,000 Non Revolving Line of Credit

Dear Kim:

KeyBank is pleased to offer the City of Burien, Washington the following proposal in response to your request for interim financing for a litigation settlement. Although we believe the indicative terms and conditions listed below are responsive to your request, we welcome your input as to any aspects that may not suit the City's needs.

**OBLIGOR:** City of Burien, Washington (the "City")

**FACILITY:** \$1,750,000 Limited Tax General Obligation Note,  
(Non Revolving Line of Credit)

**PURPOSE:** Proceeds for interim financing of a legal settlement. 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

**ORIGINATION FEE:** \$2500 paid to Bank at closing

**MATURITY:** September 30, 2011

**INTEREST RATE:** Fixed interest rate will be calculated based on the KeyBank's Fixed Rate Cost of Funds. The interest rate will be determined by the formula noted below:  
  
(KeyBank Fixed Rate Cost of Funds plus 2.50%) times 68.9% = 1.95% (if closed today).

**REPAYMENT TERMS:** All accrued interest and principal due at maturity

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

*Proposal Letter*

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**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 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.

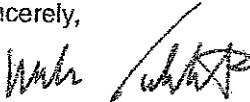
**TIMING:**

The Bank's approval process will take approximately one to two weeks from indication of acceptance. KeyBank, the City's Bond Counsel and the Bank's outside attorney will then work with the City to complete this financing.

This proposal shall expire June 30, 2011 unless extended by mutual agreement and must close within thirty days after indication of acceptance.

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,



Mike Tibbits  
Vice President  
Senior Relationship Manager

**Exhibit B**

Form of Request for Draw  
(attached)

CITY OF BURIEN, WASHINGTON  
LINE OF CREDIT

Request for Draw No. \_\_\_\_\_

To: KeyBank National Association

Attn: \_\_\_\_\_

On behalf of the City of Burien, Washington (the "City"), I hereby certify that:

1. I am the City Manager/Finance Director of the City, or his/her authorized designee, authorized by Ordinance No. 553 of the City Council passed on June 20, 2011 (the "Ordinance") to request this draw on the line of credit established by the Note and to make the representations on behalf of the City set forth herein.

2. The City requests a draw in the amount of \$\_\_\_\_\_.

The amount of this draw plus the current Outstanding Principal Balance on the line of credit established by the Note does not exceed \$1,750,000. Please disburse the draw to the City on \_\_\_\_\_, 20\_\_, by depositing funds to the City as follows:

\_\_\_\_\_  
ABA Number \_\_\_\_\_  
For the Account of the City  
Account No. \_\_\_\_\_  
City – Draw No. \_\_\_\_\_

3. The City acknowledges that this draw requires satisfaction of the conditions set forth in Section 9 of the Ordinance and that all draws shall be used for qualifying tax-exempt purposes as provided in the Federal Tax Certificate for the Note. The initial draw on the Note is subject to the written approval of Bond Counsel and must be accompanied by a Federal Tax Certificate and an Internal Revenue Service Form 8038-G prepared by Bond Counsel. Subsequent draws shall not require approval of Bond Counsel.

4. The draw will be expended to finance the Project, as authorized by the Ordinance.

5. Except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin passage of the Ordinance or the execution and delivery of the Note, or the collection and application of funds as contemplated by the Ordinance and the Note, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under the Ordinance and the Note.

6. All representations of the City in the Ordinance were true and correct when made, and remain true and correct on this date.

Dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CITY OF BURIEN, WASHINGTON**

By: \_\_\_\_\_  
City Manager/Finance Director/Designee

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Burien, Washington (the “City”), DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. 553 of the City Council (the “Ordinance”), duly passed at a regular meeting thereof held on the 20th day of June, 2011.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of June, 2011.

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Monica Lusk, City Clerk