

ORDINANCE NO. 007/2009

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
MONROE, WASHINGTON, AMENDING ORDINANCE NO. 010/2008
TO REDUCE THE AMOUNT, EXTEND THE TERM AND CHANGE
THE INTEREST RATE OF THE CITY'S LIMITED TAX GENERAL
OBLIGATION BOND ANTICIPATION NOTE, 2008 (TAXABLE)**

WHEREAS, the City Council of the City of Monroe, Washington (the "City") passed Ordinance No. 007/2005, as amended by Ordinance Nos. 009/2005 and 018/2007, and passed Ordinance No. 010/2008, that established a taxable line of credit in the aggregate principal amount of not to exceed \$14,070,000 to acquire real estate located in the North Kelsey area of the City for governmental and economic development purposes; and

WHEREAS, the City issued its Limited Tax General Obligation Bond Anticipation Note, 2008 (Taxable) (the "Note") to Bank of America, N.A. (the "Bank") to evidence the line of credit; and

WHEREAS, it is in the best interest of the City to reduce the amount of the Note and extend the term of the Note pursuant to the proposal of the Bank dated April 6, 2009 (the "Proposal");

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

Section 1. Reduction of Amount and Extension of Term. The amount of the Note shall be reduced from \$14,070,000 to \$11,270,000. The maturity of the Note shall be extended from April 25, 2009 to October 25, 2009. The City acknowledges that the Bank has no further commitment to make advances under the Note.

Section 2. Changes to Interest Rate. Pursuant to the Proposal, the Note shall now bear interest on the Outstanding Principal Balance at the rate per annum that is either the BBA LIBOR Daily Floating Rate Option or the LIBOR Fixed Rate Option, each as described below. All accrued interest on the Outstanding Principal Balance of the Note shall be payable in arrears on July 25, 2009 and on October 25, 2009. The Note matures on, and all outstanding principal and interest on the Note must be paid by, October 25, 2009.

The Note shall accrue interest at the BBA LIBOR Daily Floating Rate Option unless the LIBOR Fixed Rate Option is specifically selected (by notice given in writing to the Bank at least three London Banking Days prior to the date the LIBOR Fixed Rate Option is to take effect). The minimum principal amount of the Note subject to the LIBOR Fixed Rate Option is \$100,000. The City may elect to convert principal amounts subject to the BBA LIBOR Daily Floating Rate Option to the LIBOR Fixed Rate Option, on any London Banking Day, subject to a minimum principal amount of \$100,000 to be converted, and may elect to convert principal amounts subject to the LIBOR Fixed Rate Option to the BBA LIBOR Daily Floating Rate Option, upon the expiration of the applicable LIBOR Interest Rate Period (each a "Conversion").

“BBA LIBOR Daily Floating Rate” is a fluctuating rate of interest per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time), as determined for each banking day at approximately 11:00 a.m. London time two London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in the Bank’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. The BBA LIBOR Daily Floating Rate is subject to a floor of 0.75% per annum for purposes of this rate formula, so that the BBA LIBOR Daily Floating Rate shall not be less than 1.75% per annum.

“BBA LIBOR Daily Floating Rate Option” means the BBA LIBOR Daily Floating Rate plus 1.00% per annum.

“LIBOR” means, for any applicable LIBOR Interest Rate Period, the rate per annum, equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two London Banking Days before the commencement of the LIBOR Interest Rate Period, for U.S. Dollar deposits (for delivery on the first day of such LIBOR Interest Rate Period) with a term equivalent to such LIBOR Interest Rate Period. If such rate is not available at such time for any reason, then the rate for that LIBOR Interest Rate Period will be determined by such alternative method as reasonably selected by the Bank. LIBOR is subject to a floor of 0.75% per annum for purposes of this rate formula, so that the LIBOR Fixed Rate shall not be less than 1.75% per annum.

“LIBOR Fixed Rate Option” means LIBOR plus 1.00% per annum.

“LIBOR Interest Rate Period” means a period of multiples of one month, from one month to six months, commencing on a London Banking Day. The date of the last day of the LIBOR Interest Rate Period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

“London Banking Day” means any day on which banks in London are open for business and dealing in offshore dollars.

Section 4. Changes to Prepayment Terms. Section 7 of Ordinance No. 010/2008 relating to prepayment of the Note is amended to read as follows (new language is underlined):

The City reserves the right to prepay the Note in whole or in part on any business day by paying the principal amount thereof to be prepaid together with accrued interest to the date of prepayment, without penalty, except that if the City prepays the principal of the Note bearing interest at the LIBOR Fixed Rate Option prior to the expiration of the applicable LIBOR Interest Rate Period, a prepayment fee shall apply as follows. If outstanding principal amounts are prepaid prior to the last day of the applicable LIBOR Interest Rate Period, whether by voluntary

prepayment or otherwise, the prepayment shall be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee. The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the credit facility or from fees payable to terminate the deposits from which such funds were obtained. The City shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded the line of credit by a matching deposit or other borrowing in the applicable interbank market, whether or not the line of credit was in fact so funded. If the Note is prepaid in full, interest shall cease to accrue on the date such prepayment occurs.

All other provisions of Ordinance No. 010/2008 shall remain unchanged.

Section 5. Expenses. The City agrees to pay the Bank's counsel fees estimated at \$600, and to reimburse the Bank for its expenses in connection with this extension.

Section 6. General Authorization. The City Finance Director is authorized to take any action necessary to implement this ordinance.

Section 7. Effective Date. This ordinance shall be in full force and effect five days from and after its passage and publication as required by law.

PASSED by the City Council of the City of Monroe, Washington, at a regular meeting thereof and APPROVED by the Mayor, this 21st day of April 2009.

CITY OF MONROE, WASHINGTON:

1st Reading: 4/21/09
Published: 4/28/09
Effective: 5/03/09

Donnetta Walser, Mayor

ATTEST/AUTHENTICATED:

APPROVED AS TO FORM:

Eadye Martinson, Deputy City Clerk

Phil Olbrechts, City Attorney
(Prepared by Bond Counsel)

EXHIBIT A
PROPOSAL OF THE BANK



Nancy D. Nuereberg
Senior Vice President
Government Banking

Bank of America
800 5th Ave
WA1-501-34-03
Seattle, WA 98104
Tel: 206.358.6279
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nancy.d.nuereberg@bankofamerica.com

April 6, 2009

Ms. Carol Grey
Finance Director
City of Monroe
806 West Main Street
Monroe, WA 98272-2198

(Delivered via email to: cgrey@ci.monroe.wa.us)

Re: City of Monroe, Washington; \$14,700,000 principal amount LTGO Bond Anticipation Note, 2008 (Taxable).

Dear Carol,

Attached is a proposal by Bank of America to extend the expiration date of the above referenced Note as described in the attached Summary of Terms and Conditions. The terms and conditions are not all-inclusive, but generally describe the proposal offered to the City.

The terms of this letter are confidential and, except for disclosure on a confidential basis to the accountants, attorneys and other professional advisors retained by the City in connection with the products and services therein or as may be required by law (including any public meeting or public disclosure law), may not be disclosed by the City or any of such advisers in whole or in part to any other person or entity without our prior written consent.

We appreciate the opportunity to present you with this proposal. Please call me at (206)358-6279, or Brennan Church at (206)358-3585, to discuss any questions or comments you may have.

Sincerely,

Nancy Nuereberg, SVP
Senior Product Delivery Officer

cc: Nancy Neraas, Foster Pepper PLLC
Alan Schulkin, Schulkin Law
Tana Aardal, Bank of America
Brennan Church, Bank of America



**Summary of Terms and Conditions
City of Monroe, Washington
April 6, 2009**

BORROWER: City of Monroe, Washington (the "Borrower")

LENDER: Bank of America, N.A. ("Bank of America")

CREDIT FACILITY: Limited Tax General Obligation Bond Anticipation Note, 2008 (Taxable), the "Credit Facility".

AMOUNT OF CREDIT FACILITY: The Credit Facility shall be reduced from \$14,700,000 to \$11,270,000.

EXPIRATION DATE: The Expiration Date of the Credit Facility shall be extended from April 25, 2009 to October 25, 2009.

INTEREST RATE: The following interest rate options will be available to Borrower:

Taxable - BBA LIBOR Daily Floating Rate: A rate per year equal to the BBA LIBOR Daily Floating Rate, plus 1.00%. BBA LIBOR Daily Floating Rate is subject to a floor of 0.75% for purposes of this rate formula.

Taxable - LIBOR Fixed Rate: A rate per year equal to the LIBOR 1-6 Month Fixed Rate, plus 1.00%. LIBOR Fixed Rate is subject to a floor of 0.75% for purposes of this rate formula. LIBOR Fixed Rate advances of 1-6 months will be available.

The BBA LIBOR Daily Floating Rate is a fluctuating rate of interest equal to the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined for each banking day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in the Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. "BBA LIBOR Daily Floating Rate" is adjusted every date of such change in the 1-month BBA LIBOR.

"LIBOR" means, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected



by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars.

- Indicative rate based on the 1-month LIBOR of 0.47% as of April 6, 2009 is 1.75% (LIBOR floor of 0.75% applies). Indicative rate based on the 3-month LIBOR as of April 6, 2009 of 1.16% is 2.16%.

All calculations of interest shall be made on the basis of actual number of days elapsed in a 360-day year.

REPAYMENT: Accrued interest on the Credit Facility shall be due on July 25, 2009 and on the Maturity Date.

The entire outstanding principal balance together with accrued and unpaid interest shall be due and payable in full on the Maturity Date.

PREPAYMENTS: The Borrower may prepay any variable rate loan under the Credit Facility in whole or in part at any time without penalty, except for reimbursement of Bank of America's breakage and redeployment costs in the case of prepayment of LIBOR based borrowings (does not apply to the BBA LIBOR Daily Floating Rate).

EXTENSION FEE: None.

EXPENSES: Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including Bank's attorneys' fees (estimated at \$600.00) for review and approval of documentation for this transaction.

LEGAL OPINION: Borrower to provide Bank of America an unqualified legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank of America and its legal counsel, that (i) all documents related to the extension of the Credit Facility have been properly adopted, authorized and executed; and (ii) all documents related to the extension of the Credit Facility constitute a legally binding obligation of the Borrower, enforceable according to their terms.

CERTIFICATION

I, the undersigned, City Clerk of the City of Monroe, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 007/2009 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on April 21, 2009, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after publication in the City's official newspaper; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2009.

CITY OF MONROE, WASHINGTON

Deputy City Clerk