

**ORDINANCE NO. 922**

**AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON  
AMENDING ORDINANCE NO. 850, AS AMENDED, TO REFLECT  
THE EXTENSION OF THE MATURITY AND THE CHANGE IN  
INTEREST RATE OF THE CITY'S LIMITED GENERAL  
OBLIGATION BOND ANTICIPATION NOTE, 2000.**

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WHEREAS, the City Council of the City of Gig Harbor, Washington (the "City") adopted Ordinance No. 850 on September 11, 2000 providing for the issuance of the City's Limited General Obligation Bond Anticipation Note, 2000 in the aggregate principal amount of not to exceed \$1,200,000 (the "Note") to finance the commencement of certain improvements in Local Improvement District No. 99-1 of the City; and

WHEREAS, the City issued the Note to KeyBank National Association (the "Bank") having a maturity date of December 19, 2001; and

WHEREAS, the Note was extended to December 19, 2002, pursuant to an offer from the Bank dated November 23, 2001 and Resolution No. 896, adopted by the City on December 10, 2001, amending Resolution No. 850; and

WHEREAS, the City has received an offer from the Bank further extending the maturity date and changing the interest rate of the Note; and

WHEREAS, it is in the best interest of the City to accept the Bank's offer of extension and change in interest rate;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, DO ORDAIN as follows:

Section 1. Amendment of Ordinance No. 850, as amended. Section 2 of Ordinance No. 850, as amended by Ordinance No. 896, is hereby further amended to read as follows (additions are underscored, and deletions are stricken through):

Section 2. Authorization of the Note. For the purpose of providing interim financing of the Improvements pending their completion and the issuance of the Bonds, the Council hereby authorizes the issuance and sale of a limited general obligation bond anticipation note in the aggregate principal amount of \$1,200,000 to the Bank under the terms and conditions set forth in the Bank's commitment letter dated July 5, 2000 as supplemented on November 23, 2001 [~~and on November 12, 2002~~] (the "Note"). The Note shall be designated as the "City of Gig Harbor, Washington Limited General Obligation Bond Anticipation Note, 2000," shall be dated as of the Closing Date, shall be issued in fully registered form in the denomination of \$1,200,000, shall bear interest at a per annum rate of 4.93% from the Closing Date through December 18, 2001, [~~and~~] at a per annum rate of 2.20% from December 19, 2001 [~~through December 18, 2002,~~ and at a per annum rate of 1.88%] through maturity of the Note, payable at maturity and shall mature [~~27~~][39] months from the Closing Date, unless the maturity date is extended by the Bank. Interest on the Note shall be calculated on the basis of a year of 365 days and the actual number of days elapsed.

Section 2. Bank Proposal. The City hereby approves and accepts the Bank Proposal of November 12, 2002 and authorizes the fee specified therein.

Section 3. Confirmation of Ordinance 850, as amended. Ordinance No. 850, as amended by Ordinance 896 and as further amended by this amendatory ordinance is hereby ratified and confirmed.

Section 4. Authorization of City Officials. The City Administrator and Finance Director are authorized to deliver a new Note to the Bank reflecting the terms of this amendatory ordinance.

Section 5.    Effective Date.    This ordinance shall be in effect five days after its publication as provided by law.

PASSED by the City Council of the City of Gig Harbor, Washington, at a regular meeting held this 25th day of November, 2002.

CITY OF GIG HARBOR, WASHINGTON

  
MAYOR PRO TEM, DEREK YOUNG

ATTEST:

  
CITY CLERK, MOLLY M. TOWSLEE

First Reading: 11/25/02  
Dated Passed: 12/9/02  
Date of Publication: 12/18/02  
Effective Date: 12/23/02

Elizabeth Savage  
Vice President  
Southern Puget Sound District



KeyBank  
Corporate Banking  
Mailcode WA-31-01-0214  
1101 Pacific Avenue  
Post Office Box 11500  
Tacoma, WA 98411-5500

November 12, 2002

Dave Rodenbach, Financial Director  
City of Gig Harbor  
3105 Judson Street  
Gig Harbor, WA 98335

Tel: 253 305-7379  
Fax: 253 305-7917

Re: Renewal of \$1,200,000 General Obligation Bond

Dear Mr. Rodenbach:

KeyBank National Association is pleased to provide its commitment for a 12-month renewal of the City of Gig Harbor's Bond Anticipation Note 2000. Terms of the commitment are presented below for your review and consideration.

<b>FACILITY A</b>
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<b>BORROWER:</b>	City of Gig Harbor
<b>SUMMARY OF FACILITY:</b>	Bond Anticipation Note
<b>AMOUNT:</b>	\$1,200,000.00
<b>MATURITY:</b>	December 19, 2003
<b>PURPOSE OF LOAN:</b>	Renewal of existing note
<b>INTEREST RATE:</b>	<b>Floating rate option:</b> a) variable rate based on 30-, 60-, or 90-day LIBOR. Based on today's 1.40% 90-day LIBOR rate, bank-qualified pricing indicates an initial rate of 1.66% = (L+1.15%)* 65%. Actual initial rate to be determined as of closing date.  <b>Fixed rate option:</b> b) indicative 12 month fixed rate as of today is 1.88%. Actual fixed rate to be determined as of closing date.
<b>FEES:</b>	\$1,200.00 renewal fee plus all out-of-pocket costs incurred by Bank in connection with this loan
<b>INTEREST PAYMENTS:</b>	Interest due at maturity
<b>PREPAYMENT:</b>	Prepayment permitted on any LIBOR reset date without penalty, or if fixed rate option is selected, prepayment permitted at any time without penalty
<b>SECURITY:</b>	General Obligation Pledge

CONDITIONS PRECEDENT:

Receipt of legal opinion as to "qualified tax-exempt" status, receipt of legal opinion or other binding document to confirm limited tax general obligation pledge, and receipt of resolution designating Bond as a "tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code. Outstanding interest, fees and costs are due at time of renewal.

DOCUMENTATION:

All Loan documents shall be in a form satisfactory to Bank and Bank's counsel and shall consist of such agreements, instruments, and documents as the Bank or its counsel shall deem advisable.

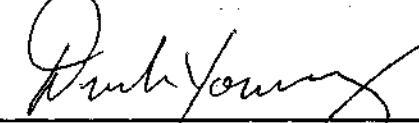
**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON STATE LAW.**

Please sign and return a copy of this commitment if KeyBank's commitment for renewal is acceptable to the City of Gig Harbor. I understand counsel for the City of Gig Harbor shall provide the amendment documentation for bank review. Thank you for the opportunity to be of service. We look forward to working with you.

KEY BANK NATIONAL ASSOCIATION

  
Liz Savage  
Vice President  
Tacoma Corporate Banking

Commitment for Renewal accepted on this 9<sup>th</sup> day of <sup>December</sup>~~November~~ 2002

By:   
City of Gig Harbor. ~~Mayor~~ PRO TEM DEREK YOUNG  
Borrower's Tax Identification Number: 34-0797057